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Pareto's Revenge

**Socio-Economic Dimensions of Old Age Security in India:
With Special Reference to Karnataka**

Gender, Poverty and Employment in India

Health Financing Reforms in India: Lessons from Other Countries

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Causality: Siddhaartha Buddha to Sims and Granger

On Conclusions about Confronting Realities of Dalit World

Books Reviews



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The Journal provides a forum for in-depth analysis of the problems of social, economic, political, institutional, cultural and environmental transformation taking place in the world today, particularly in developing countries. It welcomes articles with rigorous reasoning, supported by proper documentation. Articles, including field-based ones, are expected to have a theoretical and/or historical perspective. The Journal encourages inter-disciplinary articles that are accessible to a wider group of social scientists and policy makers, in addition to articles specific to particular social sciences. The Journal also gives scope to Research Notes, Comments, Book Reviews and Review Articles.

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Most of the editorial work for this issue of **Journal of Social and Economic Development** was done by our outgoing Managing Editor Prof G K Karanth. We are grateful to Prof Karanth and appreciate his valuable services during his tenure.

Prof R S Deshpande and Dr MD Usha Devi
Managing Editors

Erratum

The paper, **Impact of Income Inequality on Economic Growth: The Case of Taiwan and Policy Implications**, published in the July-December 2004 issue of the **Journal of Social and Economic Development (Vol 6, No 2)**, was written by Dr. Yu Hsing and Dr. Yvonne Chen. However, Dr. Hsing's name appeared as the sole author of the paper and Dr. Chen's name was omitted inadvertently. We deeply regret the error and apologise to Dr. Yvonne Chen.

Managing Editors

Pareto's Revenge

Ravi Kanbur*

Introduction: PI, PE, PO

Consider a project or a policy reform. In general, this change will create winners and losers. Some people will be better off, others will be worse off. Making an overall judgment on social welfare depends on weighing up the gains and losses across individuals.¹ How can we make these comparisons? In the 1930s, a strong school of economic thought led by Lionel Robbins (1932, 1938) held that economists *qua* economists have no business making such judgments. They only have a basis for declaring an improvement when no such interpersonal comparisons of gains and losses are involved. Only a change which makes nobody worse off and at least one person better off, can be declared an improvement.

Such a change is called a Pareto Improvement (PI). If no such changes are possible, the state of affairs is described as being Pareto Efficient (PE), a Pareto Optimum, or Pareto Optimal (PO). Named after Vilfredo Pareto (1906), PI and PE are central to post 1945 high economic theory. After all, PE makes an appearance in the two fundamental theorems of Welfare Economics. These are that every competitive equilibrium (CE) is PE, and every PE allocation can be achieved as a CE, under certain conditions. Through these theorems, the post second world war economic theory of Kenneth Arrow and Gerard Debreu links back to Lionel Robbins and Vilfredo Pareto, and thence to Adam Smith's Invisible Hand of competitive markets (Arrow 1951; Debreu 1959). From there the links come full circle back to stances taken in current policy debates on the role of markets and government.

From PI to Social Welfare Functions

The central importance of PI and PE is thus not to be doubted. Yet, I for one grew up in economics distrusting and disliking this building block of my discipline. I bristled when I read in my Cambridge tutor's paper: "It should not be necessary to point out that, despite its slightly misleading name, the concept of a Pareto Optimum is completely objective and that our discussions are of a positive rather than a normative nature (Farrell 1959)." I recall warming to Amartya Sen (1970) saying in a seminar that "A society can be Pareto Optimal and still be perfectly disgusting." This captured one of my main concerns with PI, namely, its seeming

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conservative implications in the face of a redistributive impulse.² Suppose the change is a redistribution that takes a dollar away from a billionaire to give to a pauper. The PI rule says that society cannot be declared to be better off. I was outraged.

Later, in more pragmatic policy settings, I was not so much outraged as frustrated by the PI criterion. There are almost no policy interventions that make nobody, nobody at all, worse off. If economists stuck to PI, then they could not pronounce on the wellbeing of society at all in any realistic policy setting. An earlier generation's frustrations, and fear of professional irrelevance, had led to the propagation of the "compensation principle" (CP).³ This states that society can be declared to be better off after a change if the gainers can compensate the losers sufficiently to leave the latter as well off as before, while still leaving some gains in their own hands. Of course, the crucial issue was whether this compensation was actually paid or not. If it was, then PI was satisfied, and CP had no additional cutting power. But if the compensation was not paid, then it was not clear by what logic the change was being declared to be an improvement. The only logic that seemed to work was through a particular set of value judgments—specifically, that gains and losses could simply be aggregated, in unweighted fashion. If that were the case, then why not make the value judgments explicit, and allow a broader range of weighting schemes?

And so we come to the current, standard approach in economics for evaluating changes. We apply an explicit social welfare function, sometimes called the Bergson-Samuelson social welfare function after Abram Bergson (1938) and Paul Samuelson (1950), which specifies how gains and losses are to be evaluated. So, society can be pronounced to be better off even if the change in question is not a Pareto Improvement because one or more individuals are made worse off. It just depends on how gains and losses are weighted. One such social welfare function, in income space might be:

$$W = \sum_{i=1}^n \log y_i$$

Where y_i is the i th person's income and there are n individuals. Social welfare is simply the sum of the logarithm of incomes. With such a function, change in social welfare is given by:

$$dW = \sum_{i=1}^n \left(\frac{1}{y_i} \right) dy_i$$

Thus, the poor get a higher weight than the rich—changes in incomes are weighted by the inverse of current incomes. Of course, other social welfare functions will lead to other weightings of gains and losses.

Another specific social welfare function is the well known FGT (Foster, Greer and Thorbecke 1984) family of poverty indices:

$$P_{\alpha} = \frac{1}{n} \sum_{i=1}^q \left(\frac{z - y_i}{z} \right)^{\alpha}$$

Where y is the income of i th person, z is the poverty line, q are the poor people, and α is the degree of poverty aversion. A policy reform or other intervention can now be evaluated simply by calculating the new poverty index. In particular, since

$$dP_a = \frac{1}{n} \sum_{i=1}^q \left[-\frac{\alpha}{z} \left(\frac{z - y_i}{z} \right)^{\alpha-1} \right] dy_i$$

it follows that income change for those at income y is weighted by

$$-\frac{\alpha}{z} \left(\frac{z - y_i}{z} \right)^{\alpha-1}$$

Once again (if α is greater than 1), the income changes of poorer people receive a higher weight.

Pareto's Revenge (On Me)

It seems, then, that after almost a century of soul searching, economists have gotten away from the restrictiveness of the PI criterion, and are using explicit weights for evaluating gains and losses.⁴ I should be happy. But I am uncomfortable. Why? I see two problems, one of normative analysis, and another of positive analysis.

Normatively, I have no qualms about weighing up a rich person's gains or losses against those of a poor person (and this was the reason why as a young man I castigated PI as being too conservative in its implications). But I do have a problem in allowing the decrease in poverty of one person to compensate for ("wash away") some of the increase in the poverty of another. While the conflicts of policy reform are often presented as a battle between a rich interest group protecting its privileges against a poor majority, the dirty little secret of policy reforms is that, in general, they also pit some poor against other poor. There are poor who work in protected sectors, in the government's employ, in state owned enterprises, as well as in export sectors and in private enterprises. Restructuring of any sort will have negative effects on some poor, even as it confers benefits on other poor. Using an index of poverty submerges the increased pain of the poor who lose into the joys of those who gain.⁵

This is not just a philosophical curiosum. Data from across the world reveal that the national level trends in poverty indices are composed of trends at the sub-national level (rural versus urban, or north versus south, or one ethnicity

versus another) that go in opposite directions (Kanbur 2001). So, even when national poverty falls, significant numbers of poor are getting worse off by significant amounts. Or, consider the famous Millennium Development Goal of halving the proportion of people living in poverty between 1990 and 2015. Current projections show that this may well be met at the world level because of the performance of India and China, even though the same projections indicate it is very likely that poverty in Africa will increase. It is greatly to be welcomed that poverty in India and China will decrease. But are we comfortable with the value judgments that allow the increase in African poverty to be totally aggregated into this decrease and thus to disappear? But this is what we accept when we accept a global poverty measure that aggregates across all individuals, albeit with weights (Kanbur 2004a). The problem is not with the weights. The problem is with the fact of aggregation, with whatever weights.

To make my concerns concrete, consider the poverty index P_α with $\alpha = 1$. Consider two poor people at the same level of income. A policy reform can make one person better off by 100 at the expense of making the other worse off by 30. The absolute poverty gap will decrease by 70. Suppose that at some cost this reform could be modified to give each of the two poor people an increase of 30 (10 units, 70 minus 60, being the cost of the redesign). Then the poverty gap will decrease by 60. The P_α index will fall by less in the second case, and yet, it has the virtue that no poor person has been made worse off. Of course, it can be said that what I am worried about is inequality among the poor, and this can be taken care of by increasing the value of α . But for every α , I can produce a similar argument. My concern is really one of aggregation. I am unhappy with combining the losses of a poor person with the gains of another poor person (and certainly with the gains for a rich person). It can then be objected that I risk policy paralysis since any policy is bound to make at least some poor worse off. But what I am reflecting is a value judgment, and this cannot be held hostage to practicality, at least not in this form.

But discussions of practicality lead me to my second reason for discomfort. In the above example, the policy reform was simply implemented by the policy dictator. Those who lost meekly accepted their lot. All that was left was for the philosopher kings to evaluate the outcome—that was the normative discussion rehearsed above. But, in reality, losses will not be meekly accepted. There will be resistance. Depending on how we specify the institutions of resistance and decision making, the reform may or may not go through. Even if it does, the process of resistance will have used up real resources, leaving less of the overall gains from the reform. If we further assume that losers will fight harder per unit of loss than gainers per unit of gain, then it may well be the case that the first policy reform discussed above, the one where overall poverty falls more but some poor lose out, may be less feasible politically than the second one, where overall poverty falls less

but all poor gain. If only the second is feasible, then a comparison between the first and the second is truly only of academic interest.

Thus, I find myself willing to sacrifice gains in overall surplus to ensure that the pattern of gains involves gains for all, in particular, gains for all poor. This is because first of all I am unwilling to compensate an increase in the poverty of one by the decrease in the poverty of another. Secondly, I am concerned that when policies that reduce poverty involve losses for some, whether rich or poor, the political economy might be such that such policies may not go through.⁶ Hence, I put special weight on policies that do not make some of the poor worse off, and on poverty reduction policies that do not make worse off those who would block such policies if they were indeed made worse off. While this does not make me a full blown Paretian (I would still favour policies that redistribute from rich to poor that were not blockable by the rich), it brings me quite a long way in the direction of the Pareto Improvement criterion. In my youth I rejected the Pareto Improvement criterion because of what I saw as its conservative implications. Now, I am drawn back to it for both normative and positive reasons. This is Pareto's revenge (on me).

Redistributive Mechanisms

But, does this not lead once again to policy impotence, since very few policies can be found that do not create losers, especially poor losers? My answer is first of all that this stance forces us to think of policy reform as a package, a combination of measures such that we come close to satisfying the Pareto Improvement criterion. The crafting of such packages requires us to be knowledgeable and creative, more so than for single reform packages. Thus, trade reform is one thing. Trade reform plus short term compensation and long term training for those made unemployed is quite another. Privatising state owned utilities is one thing. Privatisation plus protecting service to the poor is something else. High interest rates to stem the outflow of capital is one thing. High interest rates plus short term targeted subsidies to exporting firms is another. And so on.

It appears that, belatedly, the importance of such packaging of policies is being realised. As David Wessel (2004) of the Wall Street Journal notes in his discussion of US policy and politics:

“All over America, there are people who played by the rules yet are losing their jobs — some because workers elsewhere do the same work for less, others because computers do things that once only humans did.... It is small comfort to tell them, though it's true, that we're richer today than our grandparents imagined because we haven't walled ourselves off from the rest of the world nor sought to restrain the advance of technology.... Those of us who benefit from low-cost imports — or who have well-paid export jobs that wouldn't exist if we didn't allow imports and outsourcing —

must not ask those who lose jobs to go it alone....Candidates need to confront those who offer slogans, not solutions. Protectionists would block imports of factory goods or outsourcing of service jobs, ignoring the likelihood that interfering with the forces of trade and technology will prevent the creation of more jobs than it will save. Free traders with secure jobs proclaim that the only way to get the benefits from open markets is to tolerate the pain of people they'll never meet. Gene Sperling, a former Clinton adviser, offers this pithy put-down: 'Protectionists have nothing to say to the future. Free traders have nothing to say to the present.' ”

Even as committed a free trader as Jagdish Bhagwati (2003) is, he fully recognises the importance of compensation, and bemoans the fact the developing countries do not have such schemes. In recent testimony before the US Congress, he says:

“Freer trade therefore is a virtuous policy, whether you are focused on economic gains or on social agendas. It truly deserves bipartisan support. Yet, when it comes to the poor countries, while they have come to appreciate market access for their exports, they remain fearful of imports — a phenomenon not entirely unfamiliar to our Congress where steel protection, textile quotas and tariffs, farm subsidies, the Byrd Amendment which makes a yet further mockery of anti-dumping actions, and much else still mars our profession of free trade. But where we have managed to ease the potential adjustment costs, for political and economic reasons, by building into virtually every trade legislation some provision for adjustment assistance — this is true of the NAFTA legislation and also of the latest fast-track legislation —, I am afraid that the poor countries which are opening up to trade more ambitiously do not have such programs. They simply do not have the funds to do so.”

Thus, the idea of policy reform as a package of the primary change plus compensation which ensures that losses to the losers are minimised, or sets of policies that together ensure that losses are minimised, moving closer to the Pareto Improvement criterion, in other words, is gaining ground. But, Bhagwati's proposal is only for trade. What about technology? What about state owned enterprises? What about agricultural price reform? The myriad policy changes, many necessitated by a changing global environment that cannot be predicted, will require different and specific complementary policies and interventions in each case if we are to ensure that PI is satisfied, or at least get close to it. The information requirements in this design are huge, and the need for real time policy responses create a need for real time compensatory policies. Such “just in time” design and implementation may be a tall order, although there is no reason why we should not strive for it.

But, the complexities of designing specific policy packages, the outcomes of each package respecting the PI criterion, could be minimised or removed altogether if there was an overall redistributive mechanism in society such that no one was allowed to fall below a socially accepted minimum. This mechanism, operating independently of this or that policy reform initiative or project, would raise resources from those above the minimum to finance the raising up of those below the minimum, to the minimum. Suppose for a moment, that such a mechanism existed, then, one could evaluate individual policy change proposals purely in terms of their impact on total surplus. The distributional aspects would be taken care of by the overall distributional mechanism. The specifics of gains and losses for particular policies or projects would not be a concern, as they would have to be in a Bhagwati-type “trade adjustment assistance fund” proposal. The overall redistributive mechanism would certainly take care of my normative concerns detailed above, since by definition poverty would not decline provided only policies and projects that increased “the size of the pie” were accepted. My second set of concerns, on political economy issues and resistance to reform, would be addressed only to the extent that resistance came from poor losers, since their losses would be made whole, but this is better than nothing. For changes where some of the losers were above the minimum, specific compensation would indeed have to be enacted to minimise resistance.

One may well ask, can we not view the current system of government transfers and programmes as constituting such a redistributive mechanism? So, what is new in what is being said? In one sense the answer is that there is nothing that is new (there is rarely anything new under the sun). But, it provides us with a line of defense for redistributive systems. It also provides, potentially, a framework for design of some of these systems. It suggests that we should view the myriad programmes in current systems not just on their own terms and on a case by case basis, but, as an overall redistributive system, one of whose objectives is that it tries to make whole the losses from economic shocks, and from government economic policy reforms and projects.

Here are some basic design principles that emerge from the above discussion.

- At the core of the design is the transfer of purchasing power to those below the social minimum. This is not to be apologised for, or hidden, or necessarily ranked below other so called “productive” government expenditures. Rather, what is called for is a social consensus, based on the recognition of the fact that redistribution is the key to achieving the PI criterion.
- Another core principle is that the short term matters. If someone has been made unemployed as a result of trade liberalisation, it is cold comfort to be told that they are bound to find a job in five years’ time as the economy as a whole picks up.

- There can be more than one method of transfer, and the combination will vary from country to country. While the tax system will do the job in developed countries and urban areas of developing countries, public works and other such tools may be needed in rural areas. Subsidising basic education and health is another example. Subsidising basic foods, or basic inputs to agriculture, should not be shunned either.
- Each method of transfer will have its own economic and social costs. The economic costs are clear—the costs of “distortion” beyond the straightforward fiscal costs. The social costs will vary from society to society, and within societies. Put another way, the social acceptability of a method of transfer, the extent to which it is considered dignified and appropriate will vary. Different methods will need to be used to achieve the final goal of purchasing power transfer.
- The general system of redistributive transfers will not be able to do everything. There will be plenty of room left for specific design of complementary transfers and compensations for many policy reforms. But having a general system will reduce the intensity of pressure on any given policy reform.

Now, given these general principles, the specifics of the overall redistributive mechanism would have to be debated, of course. As already noted, it would consist of several components, and would vary greatly from country to country. Some ways of redistributing have fewer costs than others, depending on the circumstances; the detailed designs should try to minimise these costs.⁷ And we may not end up with a perfect system. But, our stance should be that a less than perfect system, and the costs associated with such a system, may well be worth having if it allows a wider range of projects and policy reforms to pass the normative and political economy tests without the need for specific compensation in each case.

Conclusion: Redistribution and Pareto

As I indicated at the start, in my youth I felt strongly (very strongly) that Pareto (actually, PI, PE and PO) was antithetical to my redistributive instincts. If I accepted PI as a normative criterion then I could not support the implementation of redistribution from rich to poor. So, I was happy with the standard economic procedure of using an egalitarian social welfare function, which weighted gains and losses to individuals by their wealth or income status. But, over time I have developed discomfort with this procedure, because it aggregates the losses of some poor into the gains of other poor, and because it is innocent of the resistance of the losers from change. For both these reasons, I would tend to favour policies and projects that made nobody (especially no poor person) worse off, even if the overall social surplus from such interventions was lower than for other interventions that made

some people worse off. But, since there will be very few pure changes of this type, I am led to packages of policies (including in the package redistributive compensation to make whole the losses of losers, especially poor losers) that satisfy the PI criterion (especially applied to the poor). Since the design of specific packages for each contingency is complicated, I have argued that generalised redistributive mechanisms can play this role, reducing the need for particular compensation in each and every case. Thus, while I started out with a distrust of Pareto because it stood in the way of generalised redistribution, I have ended up by arguing for a generalised redistribution mechanism to ensure that the PI criterion is more likely to be satisfied for any given policy reform or project. Pareto's revenge is indeed complete.

Notes

- ¹ In what follows, "projects" and "policies" will be used interchangeably, with "policies" or "policy reform" being used most of the time. For the conceptual similarities between projects and policy reform, see, Kanbur (1990).
- ² Sen's objections went beyond the fact that redistribution from rich to poor would be stymied by the PI criterion. He argued that there were factors other than well-being outcomes in evaluating a state of affairs. See, Kanbur (2004b). For a recent defense of the economists against the charge that they are innocent of ethics, see, Dasgupta (2004).
- ³ For a discussion of the history, see Kanbur (2003), and the references to Robbins (1938), Harrod (1938), Hotelling (1938), Kaldor (1939) and Henderson (1947). For a sociologist's response to Kanbur (2003), see, Cernea (2003).
- ⁴ For a standard statement in a modern text book, see, Stiglitz (1999). For specific uses in the context of cost-benefit analysis of projects, see, Little and Mirrlees (1969) and UNIDO (1972).
- ⁵ For an early exercise that did this explicitly for poverty indices in the context of "structural adjustment", see Kanbur (1987).
- ⁶ There is now a large literature on the political economy of policy change. Some examples of the papers are: Alesina and Drazen (1991), Fernandez and Rodrik (1991), Coate and Morris (1995), Grossman and Helpman (1996), Stiglitz (1998).
- ⁷ There is a large literature on such design issues. See, Akerlof (1978), Kanbur (1987), Kanbur, Keen and Tuomala (1994).

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Socio-Economic Dimensions of Old Age Security in India: With Special Reference to Karnataka

T. V. Sekher*

Abstract

Estimates indicate that the elderly population (60+ years) of India will increase to 100 million by 2013 and 198 million by 2030. A majority of the elderly are in the rural areas and nearly 30 per cent of them are below the poverty line, making the provision of old age support highly justifiable but equally challenging. Among the elderly population, the share of female and status of widowhood are increasing with age. In this context, the paper broadly reviews the socio-economic dimensions of aged and the social security measures required to safeguard the interests of the growing elderly population in India and in Karnataka, using the available data from Census, NSSO and other secondary sources. Taking the Karnataka situation as an illustration, the need for evolving various policy interventions to strengthen the well-being of the aged is emphasised here.

Introduction

Population ageing is widely accepted as an important and inevitable demographic change to happen in the transition of all societies. As a universal and irreversible phenomenon, ageing has attracted considerable attention of scholars and policymakers around the world, though most governments in developing world were hardly prepared to face this new challenge. Old age itself is a complex category, difficult to define and therefore, to operationalise, considering its chronological, social, cultural and economic dimensions. The timing, pace and scale of population ageing vary considerably across the nations. Aged persons have multiple needs that require support and care, both socially and economically.

The proportion of the aged (60 years and above) in the world population is expected to increase from 10 per cent in 2000 to 15 per cent in 2025 and to 21 per cent in 2050 (United Nations 2002). In other words, the absolute number of elderly will increase from 0.61 billion in 2000 to 1.96 billion in 2050. The number of aged in

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developing countries has been increasing at a rapid rate and over half of it would be living in Asia. As expected, the two most populous nations, China and India, will constitute a major chunk of the growing elderly in the coming decades. Though the population is ageing in most countries today, its implications are far more serious for the developing countries. Most of the developing countries lack extra familial welfare institutions and social protection schemes to specifically address the problems of the aged.

Indian Scenario

The increase in the proportion of ageing population is one of the most significant demographic changes in the Indian context. The elderly population in India was about 25 million in 1961, which increased to 76 million in 2001 (Table 1).

Table 1: Number and Proportion of Elderly by Age Groups, India, 1961-2001

Age	Number (in Thousands)					Percentage of Elderly to Total Population				
	1961	1971	1981	1991	2001	1961	1971	1981	1991	2001
60+	24,712	32,699	43,167	56,682	76,896	5.63	5.97	6.49	6.76	7.47
70+	8,620	11,324	15,485	21,074	29,572	1.96	2.07	2.33	2.51	2.87
80+	2,484	3,200	4,127	6,375	8,312	0.57	0.58	0.62	0.76	0.80
90+	528	688	735	1,221	1,811	0.12	0.13	0.11	0.15	0.17
100+	99	130	132	138	139	0.02	0.02	0.02	0.02	0.01

Source: Census of India, various years

The proportion of aged (60+ population) was 5.63 per cent in 1961 and went up to 7.45 in 2001. Seventy-five per cent of the aged in India lived in rural areas as per the 2001 census. According to the life tables produced by the Registrar General of India, for the period 1995-99, males were expected to live 16 years beyond the age 60 and 10 years beyond the age 70. In the case of females, it was 18 and 12 years respectively. On an average, urban males and females were expected to live an additional two years at age 60 than their rural counterparts in India.

According to a projection based on 2001 population data (Rajan 2004), India's elderly population is expected to increase from 96 million in 2011 to 301 million in 2051 (17 per cent of the total population). One-fourth of India's aged population lived in South India in 2001, the region characterised by low fertility and high expectation of life at birth. By 2051, one-fourth of South India's population will be elderly (Table 2). The number of elderly above 70 years of age is projected to increase five fold, from 29 million in 2001 to 132 million in 2051.

Table 2: Number, Proportion and Sex Ratio of Elderly (60+), 2001-2051

Region	2001	2011	2021	2031	2041	2051
Numbers (in Million)						
South	18.06	25.49	34.64	46.28	59.32	69.73
West	10.59	14.66	20.60	27.56	35.29	43.66
Central	16.17	21.03	28.13	37.09	50.86	69.88
East	15.03	20.86	29.36	38.77	51.39	67.33
North	8.23	11.17	15.92	22.17	30.04	39.01
Northeast	2.16	3.09	4.67	6.72	9.10	11.35
India	70.78	96.30	133.32	178.59	236.01	300.96
Percentage to the Total Population						
South	8.3	10.2	13.0	16.8	21.4	25.8
West	7.5	9.1	11.5	14.4	17.7	21.7
Central	6.4	6.8	7.5	8.4	9.9	11.9
East	6.8	8.0	9.9	11.7	14.4	17.8
North	6.6	7.4	9.0	11.1	13.6	16.5
Northeast	5.6	6.8	9.0	11.6	14.5	17.2
India	7.1	8.2	9.9	11.9	14.5	17.3
Sex Ratio (Males per 1,000 Females)						
South	954	966	942	897	927	939
West	980	1,005	1,000	974	1,005	985
Central	1,114	1,069	1,020	995	1,084	1,072
East	1,070	1,074	1,030	975	1,014	1,018
North	1,067	1,070	1,048	1,025	1,063	1,028
Northeast	1,139	1,139	1,084	985	978	993
India	1,036	1,034	1,004	964	1,008	1,007

Note: South: Andhra Pradesh, Kerala, Karnataka, Tamil Nadu, Pondicherry and Lakshadweep
West: Goa, Gujarat, Maharashtra, Daman and Diu, and Dadra Nagar Haveli
Central: Madhya Pradesh, Chhattishgarh, Uttar Pradesh and Uttaranchal
East: Bihar, Jharkhand, Orissa, West Bengal and Andaman and Nicobar Islands
North: Delhi, Haryana, Himachal Pradesh, Jammu and Kashmir, Punjab, Rajasthan and Chandigarh
North East: Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura and Sikkim.

Source: Rajan 2004

Among the Indian States, Kerala had the highest proportion of elderly among males and females in 2001. Out of every 10 females in Kerala, one was elderly in 2001 and this ratio will be 1 in 3 in 2051 (Rajan 2004). As per the 1991 census, 54 per cent of the elderly women were widows in India as against 15.5 per cent widowers. At age 80, one in four elderly males was a widower whereas three in four females elderly were widows. This adds to another dimension in the nature of protection of elderly, particularly widows. The proportion of elderly and their sex ratio for major states of India of the coming decades has been presented in Table 3.

Table 3: Proportion of Elderly (60+) and Sex Ratio in Major States, 2001-2051

Major States	2 001			2021			2051		
	Male (%)	Female (%)	Sex Ratio	Male (%)	Female (%)	Sex Ratio	Male (%)	Female (%)	Sex Ratio
Andhra Pradesh	7.1	7.5	97	11.5	11.9	98	26.7	29.0	92
Assam	5.8	5.1	121	8.6	7.8	115	22.4	24.5	93
Bihar	6.2	5.8	116	8.4	8.4	107	16.8	16.7	109
Gujarat	6.0	7.0	92	9.8	10.1	104	22.0	22.3	106
Haryana	6.9	7.6	105	8.2	8.4	108	19.7	19.5	108
Karnataka	7.1	7.4	99	10.3	10.7	98	21.3	24.1	88
Kerala	9.2	10.3	84	13.6	15.1	86	29.0	34.0	83
Madhya Pradesh	6.5	6.8	104	7.7	7.9	105	14.3	14.9	102
Maharashtra	6.8	7.6	97	11.0	11.5	102	22.4	24.2	97
Orissa	7.4	7.4	102	10.0	10.2	102	22.3	24.0	98
Punjab	7.3	7.6	109	10.9	11.1	108	23.2	23.6	105
Rajasthan	6.1	6.6	101	7.6	7.8	104	15.7	16.2	102
Tamil Nadu	8.7	8.5	103	13.7	14.3	96	27.6	30.6	91
Uttar Pradesh	6.6	6.5	114	7.2	7.3	107	11.4	11.5	105
West Bengal	6.5	6.7	105	10.5	10.0	109	22.7	24.2	96

Note: Sex ratio is the number of males per 100 females

Source: Rajan 2004

Socio-Economic Profile of Elderly

It is important to understand the work participation, economic independence, living arrangements and financial burden of elderly. This is crucial in a country like India, where only 1 in 10 workers participate in some pension scheme (World Bank 1994) and a majority of the older people work outside the formal sector and lack the capacity to save. In India, the burden of caring for elderly has been on the extended family traditionally but the growing disintegration of centuries-old joint-family system increases the vulnerability of elderly considerably. Along with the collapse of joint families, the assured safety net for millions of parents and

In India, about 90 per cent of the elderly do not have any official social security, 40 per cent of them live below poverty line and 73 per cent are illiterate.

Though old age is the time for people to relax and enjoy the fruits of hard work most of the aged in developing countries are forced to work, unlike their counterparts in developed nations. According to NSSO Survey in 1986-87, only 34 per cent of the rural elderly were financially independent whereas in urban areas, it was only 29 per cent. Many of them compelled to work as long as physically possible, even after their retirement. Economic necessities push many elderly to continue to work with lower wages and in an unhealthy and hazardous environment, to take care of themselves and to support those directly depending on them. As per the 1991 census data, one-third of the elderly males continued to work even after 80 years of age, an indication of the economic compulsion to earn their livelihood. 1991 census also brought to light the fact that about 80 per cent of the elderly were employed in Agriculture sector (either as cultivators or agricultural labour). The work participation rates of elderly males in India (60+, 70+ and 80+ years) were 61, 42 and 32 per cent respectively. In the case of elderly females, it was only 16 (60+), 8 (70+) and 6 (80+ years) per cent, of course with considerable variations across the states. Apart from the census, NSSO 52nd round (1998) also provides valuable information on work status and the extent of dependency of elderly. NSS data indicate that 63 per cent of the males and 58 per cent of the females continued to work beyond 60. Lack of social safety measures and persisting poverty levels forced even the oldest-old (80+) persons to work (22 per cent of the males and 17 per cent of the females in this category reported as working as per NSSO) for their survival, even when the physical conditions were not conducive.

Based on an estimation using NSSO 52nd round data, it has been found that 45 per cent of the males and 61 per cent of the female elderly were fully dependent and about 17 per cent were partially dependent (Rajan 2004). Undoubtedly, the fully dependent category of elderly really looked for social support measures from government and others for their basic requirements like food, clothing and medical care. NSSO 52nd round (1998) had a question addressed to the elderly- "Are your day to day requirements for food, clothing and medicines are adequately met?" The survey shows that about 9 per cent of the elderly males and 11 per cent of the elderly females in rural India faced difficulties to access any one of the three basic needs mentioned above. In urban areas, the reported level of difficulties was comparatively low. In the case of widows, the situation was still worse as they were more vulnerable on both counts being aged and widowed. This survey also revealed that 60 per cent of the females, both in rural and urban areas, and 30 per cent of the males had no financial assets in their names and about half of the elderly females, both in rural and urban areas, had no property, emphasising the need for safety- net measures and social protection schemes.

Table 4: Aged in India and Karnataka: Socio- Economic Profile

A. Per 1,000 Distribution of Aged Persons by Types of Living Arrangements

State	Types of Living Arrangements								
	Living Alone		Living With		Without Spouse But With				
	As an Inmate of Old-Age Home	Not as an Inmate of Old-Age Home	Spouse Only	Spouse and Other Members	Children	Other Relatives	Non Relatives	Not Recorded	
India	Rural	9	34	107	462	331	44	4	9
	Urban	8	37	80	469	349	45	6	8
Karnataka	Rural	5	37	64	413	437	33	4	8
	Urban	-	38	51	497	350	60	2	2

Contd.....

B. Per 1,000 Distribution of Aged Persons by State of Economic Independence

State		State of Economic Independence			
		Not Dependent on Others	Partially Dependent on Others	Fully Dependent on Others	Not Recorded
India	Rural	301	163	511	24
	Urban	311	139	532	19
Karnataka	Rural	246	138	598	18
	Urban	287	140	556	18

C. Per 1,000 Distribution of Fully Independent Aged Persons by Number of Dependents

State		Number of Dependents								
		0	1	2	3	4	5	6-8	9 & Above	Not Recorded
India	Rural	42	266	115	92	66	43	78	99	199
	Urban	41	333	136	73	55	33	42	88	198
Karnataka	Rural	52	194	130	90	56	41	76	109	252
	Urban	26	281	191	85	39	42	57	141	138

D. Per 1,000 Distribution of Economically Dependent Aged Persons by Category of Persons Supporting the Aged Persons

State		Category of Persons Supporting the Aged Persons				
		Spouse	Own Children	Grand- Children	Others	Not Recorded
India	Rural	138	711	50	69	32
	Urban	152	708	54	59	28
Karnataka	Rural	60	809	30	48	53
	Urban	131	757	35	66	11

Contd.....

E. Per 1,000 Distribution of Aged Persons by Usual Activity Status

State		Self-Employed		Regular Employees	Casual Labour in		Unemployed	Studying	Engaged in Domestic Duties	Others	Total
		Agriculture	Non-Agriculture		Agriculture	Non-Agriculture					
India	Rural	242	41	6	88	9	1	1	212	398	1,000
	Urban	39	112	32	12	19	2	2	269	514	1,000
Karnataka	Rural	196	25	30	98	8	1	0	226	416	1,000
	Urban	54	127	26	4	21	1	1	224	542	1,000

F. Number of Aged Persons Reporting Diseases Per 100,000 Aged

State		Type of Disease							
		Cough	Piles	Problems of Joints	High/Low B.P.	Heart Disease	Urinary Problem	Diabetes	Cancer
India	Rural	22,241	22,440	30,395	10,635	3,025	3,063	3,223	254
	Urban	15,982	2,510	34,010	22,557	6,062	3,649	7,544	290
Karnataka	Rural	9,390	931	22,197	2,677	1,063	2,044	6,443	50
	Urban	12,349	876	27,712	20,731	3,789	1,347	9,375	70

Contd.....

G. Number of Aged Persons Having Disability Per 100,000 Aged Persons by Type of Disability

State		Type of Disability					
		Visual	Hearing	Speech	Locomotors	Amnesia	Any Disability
India	Rural	27,028	14,783	3,485	11,107	10,455	40,247
	Urban	24,318	12,155	3,190	8,681	7,047	35,027
Karnataka	Rural	20,292	13,283	1,441	7,493	3,056	33,127
	Urban	23,008	11,043	1,078	8,203	2,824	32,063

Source: NSSO, 1998

Do Children Act as Old Age Security?

In general, the old age security hypothesis revolves around the argument that children often act as insurance against risks when parents are old. Many also rationalise higher fertility in terms of old age security hypothesis (Cain 1983; Nugent 1985). It is also argued that the economic resources and not the number of sons relevant in determining the old age security (Vlassoff and Vlassoff 1980; Raut 1996) and is empirically supported that social security might act as a substitute for children. Apart from the financial support from adult children to elderly parents, many non-financial assistance and personal care are involved, particularly in old age. Based on an analysis of NSSO data, Pal (2004) observes that in the absence of any extra-familial welfare institutions, living standards were generally higher if an elderly person co-resided with children (with/ without spouse). The factors that enhanced the possibility of co-residential arrangements in rural India were presence of economically active educated sons and ownership of property by elderly persons. In general, the elderly persons with a regular income after retirement and ownership of financial assets were less likely to co-reside, a trend observed in prosperous countries of the world. The analysis also indicated that widowed/ separated women and elderly with physical disability were less likely to co-reside, emphasising the limitation to the argument that children often acted as old age security (see, Table 5). In General, aged persons living with young dependent children were more likely to participate in labour force to support the dependents. However, co-residence with earning children will discourage the aged to take up work since they were less likely to encounter financial difficulties. It can also be argued that the inability of the elderly to work and earn forced them to co-reside with grown up children.

Because of the need for old age security, there was son preference in Indian society, and also it had religious support. The sons were preferred because

**Table 5: Selected Characteristics of Elderly Living Arrangements in India
(All Members With and Without Children)**

	Married				Widowed/Separated			
	Male		Female		Male		Female	
	Spouse Only	Spouse and Child	Spouse Only	Spouse and Child	Alone	Child Only	Alone	Child Only
Ownership of financial assets	69	75	51	49	64	73	48	51
Ownership of property	83	88	56	57	77	83	62	67
Financially dependent on children	18	35	44	24	19	48	39	71
Financially dependent	20	23	53	63	18	35	40	62
Physical disability	40	34	32	29	42	44	37	42
Long-term illness	54	51	45	47	59	57	52	56
Physical immobility	11	7	7	7	8	10	7	7
Participates in daily household chores	86	84	88	92	92	78	93	85
Participates in social matters	83	86	77	75	81	84	71	74
Participates in religious matters	84	89	85	84	83	86	77	83
No of observations.	1098	5929	642	2758	153	1094	431	740

Note : The figures are in percentages.

Source : National Sample Survey 52nd round 1995-96, as cited by Pal (2004)

they could provide old age support. In India, a majority of the old live with married children who to an overwhelming degree are sons. In the Indian context, characterised by high levels of uncertainty, where no institutional alternative to the family as a source of social insurance has emerged, parental decisions are likely to be powerfully motivated by their concerns about their own security in old age (Kabeer 1996). The existence of such an understanding and commitment between parents and children, commonly called an inter-generational contract, is one of the factors which appears to have remained unchanged, to a great extent, particularly in rural India.

The Karnataka Situation

In Karnataka, the number and proportion of the aged population in 2001 were 4062,022 and 7.69 per cent respectively (Table 6). The age group-wise population of Karnataka by sex and residence has been presented in Appendix A. According to the projections of the Registrar General of India, the proportion of elderly in the state in 2016 will be 9.71 per cent. The expectation of life at the age 60 for rural male can be 14.6 and for urban male 17.3. In case of females, it was 17.5 in rural and 16.6 in urban areas during 1993-97 (SRS based Abridged Life Tables for India, Registrar General of India). The rate of increase of the aged in Karnataka was higher than the all India average. According to the projections (see, Table 3), Karnataka will have about 11 per cent of the elderly by 2021. By 2051, one-fourth of the women in the state will be above 60 years of age and 11 per cent of the women will be beyond 70 years. As per the 1991 census data, among the elderly, 12.5 per cent were widowers and 63 per cent were widows. With the feminisation of ageing taking place, women will be in a highly vulnerable position due to poor health and low incomes (Jaiprakash 2004). The work participation rate among the elderly males was 57 per cent and elderly females was 18 per cent during 1991.

Table 6: Population and Proportion of Aged in Karnataka: 1961-2001

Year	Population (60+ years)	Proportion to Total Population	Population (70+ years) Population	Proportion to Total Population	Composition Among Elderly	
					60-69 years	70+ years
1961	13,50,805	5.73	4,80,980	2.05	64.43	35.57
1971	17,84,582	6.09	6,67,326	2.29	62.70	37.30
1981	23,24,973	6.26	9,05,587	2.43	61.02	38.98
1991	30,40,666	6.76	11,49,308	2.56	62.20	37.80
2001	40,62,022	7.69	16,09,926	3.05	60.36	39.64

Source: Census of India (various Years)

According to NSS (52nd round), 52 per cent of the elderly males and 62 per cent of the elderly females were fully economically dependent on others. Further, 33 per cent of the elderly males and 68 per cent of the elderly females reported as having no financial assets. Those not owing any property were 27 and 63 per cent respectively.

Among the many social security measures, National Old Age Pension Scheme has been most commonly implemented in all the states. Another social assistance scheme called 'Annapurna' for the elderly destitute was started in 1999 by the Government of India. The State also has targeted 30,592 beneficiaries under the Annapurna scheme. As can be seen from Table 7, the old age pension scheme

Table 7: Old Age Pension Schemes of States of India

States	Year of Introduction	Amount of Monthly Pension (in Rupees)	Stipulated Age for Eligibility
Andhra Pradesh	1960	75	65
Assam	1983	75	65 for males and 60 for females
Bihar	1970	100	60
Delhi	1968	200	60
Gujarat	1978	200	60
Haryana	1969	100	65
Himachal Pradesh	1968	150	65
Jammu and Kashmir	1976	125	55
Karnataka	1965	100	65 for males and 60 for females
Kerala	1960	110	65
Madhya Pradesh	1970	150	60
Maharashtra	1980	100	65 for males and 60 for females
Orissa	1975	100	65
Punjab	1968	200	65 for males and 60 for females
Rajasthan	1964	200	58 for males and 55 for females
Tamil Nadu	1962	150	65
Uttar Pradesh	1957	125	65
West Bengal	1964	300	60
India	1995	75	65

Source: Rajan 2004

was introduced in the state in 1965. Males above 65 years and females above 60 years are eligible for a monthly pension of Rs 100. During 1987-88, about 29 per cent of the elderly in the state were beneficiaries of the pension scheme, at a cost of Rs

3,065 lakhs (Table 8). In March 2004, about 4,36,000 persons were receiving the old age pension benefits in Karnataka, as per the State government source.

Table 8: Old Age Pension Schemes of States: Number of Beneficiaries, Proportion of Population Covered and Total Expenditure Incurred, 1987-88

State	Number of Beneficiaries (in '000s)	Percentage of Beneficiaries to Population 60 +	Expenditure (Rs. Lakhs)
Andhra Pradesh	196.6	4.6	699.59
Assam	39.0	2.5	117.30
Bihar	1500.0	26.1	4,782.69
Delhi	2.8	0.8	22.00
Gujarat	52.7	2.1	346.00
Haryana	672.7	67.9	3,132.00
Himachal Pradesh	56.9	14.6	385.00
Jammu and Kashmir	5.0	1.2	35.00
Karnataka	861.9	29.0	3,065.38
Kerala	170.1	7.4	1,319.00
Madhya Pradesh	160.0	3.9	1,023.76
Maharashtra	285.0	5.9	2,107.00
Orissa	126.2	6.2	556.00
Punjab	90.1	5.7	493.00
Rajasthan	85.0	3.4	475.00
Tamil Nadu	372.7	9.9	3,280.00
Uttar Pradesh	122.8	1.3	481.00
West Bengal	30.7	0.8	221.30
India	4916.0	9.1	22,739.05

Source: Sankaran 1994; Rajan 2004

The State Task Force on Health and Family Welfare (Government of Karnataka 2001) identified the following measures within the social and legal framework for the welfare of elderly-

- ❖ Financial measures such as instituting health insurance schemes for the elderly. This could be introduced by Karnataka Government Insurance Department.
- ❖ Provision of old age pensions to those below the poverty line with suitable safeguards to ensure that the right beneficiaries receive the amounts.
- ❖ Non-governmental organisations can be assisted in utilising the elderly in productive activities as teachers/guards and the like and establishing care centres. Such organisations can also be encouraged to establish counseling centres to advise the elderly and their families on problems relating to the former.

- ❖ Legal provisions to ensure that the family took the responsibility of looking after the elderly can also be considered. However, the difficulties in implementing social measures of this nature must be kept in mind.
- ❖ Efforts through the media to restore family values and also to indicate the measures instituted for the elderly. Creative media efforts should dispel the notion of the elderly being either of little help in the family or as a burden, especially in the case of widows. Traditional publicity modes can be inducted for this purpose.
- ❖ Panchayati raj institutions can be encouraged to promote the welfare of the elderly and induct them, on fixed honoraria basis, for specific work in the community.

The Karnataka State Task Force also recommended formulation of a policy for elderly, with particular safeguards for women. It also suggested providing geriatric care facility at the secondary and tertiary levels and the scale of user fee for health services reducing for elderly patients to lessen the burden on the households availing medical assistance for the elderly. It also recommended the introduction of geriatric care courses in the training of nurses and paramedical staff. Other measures suggested by the Task Force were health insurance schemes for elderly, provision of old age pensions to those below the poverty line, and establishment of counselling centres to advise the elderly and their families. Panchayati Raj Institutions could be encouraged to promote the welfare of the elderly.

Karnataka is one among the few states that has introduced a state policy for senior citizens. The Karnataka State Policy for Senior Citizens (Government of Karnataka 2003) has been evolved with the motto to ensure better quality of life to its senior citizens as enshrined under Article 41 of the Constitution of India. The main objectives of this policy are health, welfare, financial security, housing and shelter, and protection of assets and life of senior citizens. The policy recognises the importance of proper budgetary allocation for the welfare of poor elderly persons. The programmes chalked out for senior citizens during 2004-05 by the Department of Welfare of Disabled and Senior Citizens include introduction of help line for senior citizens in association with the police department, day care centres in major cities and establishment of a geriatric centre. Four day care centres and six help lines are already functioning. Issuing special identity cards for senior citizens, providing all necessary details, have been initiated recently. For the speedy disposal of senior citizen's cases, fast track courts have been envisaged.

There are 27 old age homes that receive state government grants and 46 old age homes get central government grants in the state. All these homes are managed by voluntary organisations. Apart from them, there are large numbers of old age homes/senior citizens' complexes in the private sector.

Social Security for the Elderly

According to the Constitution of India, Article 41 of the Directive Principle of State Policy specifies that the state shall, within the limits of its economic capacity, provide for assistance to the elderly. The National Policy for Older Persons (NPOP) announced by the Government of India in 1999 aims to strengthen the legitimate place of elderly in society and to help them live their last phase of life with purpose, dignity and peace. The policy highlights the vulnerability of widows, women, in general, the poor, the disabled and chronically ill and others. The policy commits to increase the coverage under the old age pension scheme to include all older persons living below the poverty line, without specifying any probable time period to complete the coverage. The NPOP visualises the state support for financial security, health care, shelter, welfare and other needs of older persons and provide protection against abuse and exploitation. Empowerment of older persons to enable to have better control over their lives and increasing budgetary support with equal attention to the rural and urban poor were emphasised in the policy document. Some of the state governments also introduced specific legislations to protect the welfare of elderly. The Himachal Pradesh Maintenance of Parents Dependents Act, 1996 and the Maharashtra Maintenance of Parents and Dependents Bill, 1997, are good examples (Government of India 2002). Studies have highlighted the need for strengthening social assistance programmes for older persons, providing a guarantee against diminution of investments and devising long-term old savings instruments with higher terminal yield (Alam 2004).

With the increasing number of elderly, particularly women, it is necessary to formulate and implement various socio-economic measures to address the concerns of the elderly. This is more important when traditional support structure of the family is increasingly unable to cope with the problems of aged, resulting in millions of elderly facing destitution. Unfortunately, the governments in India have done very little except their contribution for tax rebates, travel concessions and limited pension schemes. The governments need to respond quickly and effectively owning the responsibility of the welfare of its senior citizens. After all, the nations and societies will be evaluated on the basis of how they treat their elderly and deprived during the course of their development.

Appendix A: Population in Five Year Age Groups by Residence and Sex-2001: Karnataka

Age Group	Total			Rural			Urban		
	Persons	Males	Females	Persons	Males	Females	Persons	Males	Females
All Ages	5,28,50,562	2,68,98,918	2,59,51,644	3,48,89,033	1,76,48,958	1,72,40,075	1,79,61,529	92,49,960	87,11,569
0-4	49,42,594	25,37,476	24,05,118	33,97,862	17,42,354	16,55,508	15,44,732	7,95,122	7,49,610
5-9	56,81,431	28,93,477	27,87,954	39,04,587	19,84,925	19,19,662	17,76,844	9,08,552	8,68,292
10-14	62,21,576	31,89,233	30,32,343	42,51,140	21,77,833	20,73,307	19,70,436	10,11,400	9,59,036
15-19	53,81,672	28,40,330	25,41,342	34,84,228	18,52,678	16,31,550	18,97,444	9,87,652	9,09,792
20-24	48,86,225	25,41,933	23,44,292	29,85,560	15,46,091	14,39,469	19,00,665	9,95,842	8,73,122
20-24	48,86,225	25,41,933	23,44,292	29,85,560	15,46,091	14,39,469	19,00,665	9,95,842	9,04,823
25-29	45,78,219	22,16,303	23,61,916	28,48,720	13,59,926	14,88,794	17,29,499	8,56,377	8,73,122
30-34	38,21,205	19,17,602	19,03,603	24,30,733	11,98,795	12,31,938	13,90,472	7,18,807	6,71,665
35-39	39,18,079	19,26,776	19,91,303	25,30,832	12,28,241	13,02,591	13,87,247	6,98,535	6,88,712
40-44	30,58,456	16,36,842	14,21,614	19,97,708	10,58,414	9,39,294	10,60,748	5,78,428	4,82,320
45-49	27,13,842	14,34,271	12,79,571	17,74,819	9,28,804	8,46,015	9,39,023	5,05,467	4,33,556
50-54	21,09,655	11,17,489	9,92,166	13,99,820	7,33,108	6,66,712	7,09,835	3,84,381	3,25,454
55-59	14,23,742	6,94,759	7,28,983	9,59,486	4,58,153	5,01,333	4,64,256	2,36,606	2,27,650
60-64	14,98,909	7,28,997	7,69,912	10,59,747	5,10,997	5,48,750	4,39,162	2,18,000	2,21,162
65-69	9,53,187	4,41,373	5,11,814	6,69,806	3,07,599	3,62,207	2,83,381	1,33,774	1,49,607
70-74	7,99,497	3,82,616	4,16,881	5,79,970	2,76,687	3,03,283	2,19,527	1,05,929	1,13,598
75-79	3,53,230	1,68,279	1,84,951	2,47,996	1,17,686	1,30,310	1,05,234	50,593	54,641
80+	4,57,199	2,02,465	2,54,734	3,32,075	1,47,877	1,84,198	1,25,124	54,588	70,536
Age not Stated	51,844	28,697	23,147	33,944	18,790	15,154	17,900	9,907	7,993

Source: Census of India, 2001(www.censusindia.net)

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Gender, Poverty and Employment in India

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Abstract

Development theories recognise that employment is central to the alleviation of poverty and the enhancement of well-being. This means that at the practical level, it is understood that labour-intensive growth and greater labour-force participation by women are necessary elements for poverty reduction. At the level of discursive practice, the gender and poverty debates treat labour as an abstract category. In recognition of this lacuna, this paper attempts to address two principal questions: a) Does poverty have a woman's face in India? and b) What are the linkages between women's situation in the labour market, education levels and their poverty? The paper attempts to answer these issues by reviewing the changes that have occurred in the reported level of women's economic activity, women's status in the labour market, gender differentials in poverty and the impact that gender mainstreaming in employment and poverty have had on women's lives. Drawing inferences from national level surveys, policy statements and legislative framework, the paper argues that poverty needs to be understood more holistically - in terms of lack of access to services, lack of personal security, low social status and lack of control over labour and employment. The paper concludes by advocating for policies that directly affect the quantum and quality of women's participation in the labour market such as those concerned specifically with regulating gender relations in employment and those concerned with balancing work and familial responsibilities.

Poverty also has outcomes with respect to sexual division of labour, which are affected by the regulation of the wider social environment in which men and women make decisions. For example, personal laws, regulated by cultural institutions, indirectly affect women's access to land and other immovable assets, thereby excluding them from control over their labour and often even skills that can lead to better quality employment.

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Introduction

An assessment of employment and poverty alleviation strategies in India is a complex exercise because of the extensive range of work categories, multifarious modes of employment, and varied types of deprivation prevalent in the country. The issue is significantly exacerbated in the study of women wherein the concepts and categories used to analyse women's status fail to reflect the nature and extent of their work and consequently, undermine their economic contribution to the household and economy. It is now widely accepted that single-dimensional measures of women's employment and poverty have little relevance without the corresponding qualitative information on access to employment, characteristics of work, earnings and control over earnings, and economic resources.

The dominant development agenda recognises that employment is central to the alleviation of poverty and the enhancement of well-being. This means that at the practical level, it is understood that labour-intensive growth and greater labour-force participation by women are necessary elements for poverty reduction. Nevertheless, it has been noted that at the level of discursive practice, the gender and poverty debates treat labour as an abstract category. In other words, the existing conceptual literature, including policy documents on gender-specific work intensities, is scanty. This is more so in the case of literature pertaining to the relationship of women's work with individual well-being, household income and poverty reduction. In recognition of this lacuna, this paper attempts to address two principal questions, *viz.*, a) Does poverty have a woman's face in India? and b) What are the linkages between women's situation in the labour market, education levels and their poverty? The answers to these issues are expected to emerge from a review of the changes that have occurred in the reported level of women's economic activity, women's status in the labour market, gender differentials in poverty and the impact that gender mainstreaming in employment and poverty has had on policy.

Women, Employment and Poverty: How Big is the Problem?

Poverty has been traditionally understood to mean lack of access to resources, productive assets and income resulting in a state of material deprivation (Baulch 1996; Cagatay 1998). This approach emphasises a deficiency in private consumption. The unit of analysis is the household, and measurement as well as policy interventions remain restricted to incidences and programmes which specifically address women's poverty as related to female-headed households. Although *a priori* there is reason to be concerned with female-headed households as they form 10 per cent (NSSO 1999-2000) of the total households, it has also had the effect of disguising other types of linkages between gender and poverty,

especially linkages emanating from the gender bias in resources, labour, credit, market, education and skill training, which exist for a majority of women.

While there is a lack of conceptual clarity on the issue of work, the fact remains that because the principal survey instrument for gender-poverty comparisons in India is the National Sample Survey Organisation's (NSSO) household consumption survey, wherein consumption data have been collected at the household level, it is almost impossible to estimate the linkages between gender, women's participation in the labour force and poverty. In order to address this issue, this paper evaluates gender disparities for men and women in poor households.

A Prelude to the Story of Exclusion — Socio-Demographic Indicators: The condition of Indian women has improved substantially during the last twenty years in terms of various indicators such as literacy, life expectancy and maternal mortality. In terms of literacy, for example, there has been a notable rise in the number of literate women per 1,000 over the last three decades. While this figure was only 187 literate females per 1,000 in 1971, it went up to 541 in 2001, signifying a rise of 65 per cent in 30 years. The corresponding figures for male literacy, on the other hand, were 395 per 1,000 in 1971, which rose to 758 in 2001—a rise of just 47 per cent. Female literacy has, in fact, been steadily improving over the years and the proportion of literate women increased from 39 per cent in 1991 to 54 per cent in 2001 (Rustagi 2002; Menon-Sen and Shivakumar 2001).

The life expectancy at birth has also been improving over the years with women today living up to 63 years, which is almost double the number of years that their mothers hoped to live, viz., 32 years in 1951. Further, it is true that gains in terms of human development seem to have benefited women in that fewer women die today due to pregnancy-related causes. However, on the negative side, the statistics on maternal mortality are still unacceptably high, as nearly 300 women die each day during childbirth or of pregnancy-related causes. Similarly, though there is an improvement of almost 10 percentage points in female infant mortality rates (IMR) over the last decade, the gender gap in IMR is still negative, and in 2001, over 71 girls did not survive their first year. Again, as regards the sex ratio, which is the litmus test for women's welfare and status in society, while the adult sex ratio for India stood at 934 per 1,000 males in 2001, which is an improvement over the last decade when it stood at 923, the child sex ratio is alarmingly low at 927 girls for every 1,000 boys. These averages, however, tell only a part of the story in that there are wide differences in the above indicators between different regions/states, urban and rural areas and finally, between communities. For example, consider the gender gap in literacy, where though there has been a decline of about 3 percentage points from 24.5 to 21.7 between 1991 and 2001 for all-India, the gaps have remained glaringly high for disadvantaged groups such as scheduled castes and scheduled tribes at 26 and 23 percentage points in 2001 between men and women respectively

(Census of India 2001). Such differences are perhaps not so surprising in a large country like India. Nevertheless, the impact and effect of these differences need to be analysed and contextualised within the changes that the Indian economy and society have been experiencing during the past two decades. Specifically, two major trends have left their mark on the Indian economy – the relatively fast pace of liberalisation and privatisation during the last decade and a greater degree of localisation and decentralisation of political processes. The first calls for an examination of women's status in relation to poverty, while the second requires greater understanding in terms of protecting women and promoting equality in the labour market as well as in the broader politico-legal structures of society.

Segregation and Segmentation of Women in the Labour Market — A Story of

Exclusion: Data on long-term trends in growth rates of population, employment and labour force are revealing in this context. The most obvious feature is that the rate of growth of employment declined sharply from 2.07 per cent during the period 1983 to 1993-94 to 1.07 per cent during the period 1993-94 to 1999-2000 (Planning Commission 2002). Although a part of this decline may be associated with a fall in the growth of labour force in the intervening period, the data clearly reveals that the growth rate of employment, which stood at 0.98 per cent for the period 1993-94 to 1999-2000 is less than that of the labour force, which was 1.03 per cent for the corresponding period, thereby indicating an increase in unemployment. This has significant connotations, especially for women in India, as in a scenario wherein paid work is itself difficult to get, a decreasing trend in the growth of employment may have resulted in further disguising their participation in the labour force. The last point is especially evident from a comparison of data derived from the NSSO (1993-94 and 1999-2000), which reveals that women's participation in the labour force in both rural and urban areas has declined during this period. However, the fact that the growth rates of employment for women by weekly and daily status are higher as compared to those by usual status, may indicate that there is growth in short duration employment where naturally women abound (Kundu 1999). This may indicate that women are increasingly being forced to take up employment outside the home.

Further, based on information about the distribution of workers in different sectors and according to employment status one can argue that though women's visibility in the workforce has improved in the last two decades, a clustering of women in high risk, short duration, low wage employment continues to be the norm. Sector-wise, women workers are more concentrated in the primary sector compared to their male counterparts. As a whole, 70 per cent of all women workers were employed in the primary sector (in 1999-2000) as compared to 47 per cent males and correspondingly, the share of female workers in the secondary and tertiary sectors was much lower than those of male workers. It has also been noticed that male

workers witnessed a much sharper shift from primary sector to secondary/tertiary sector employment as compared to female workers over the period. While the percentage of male workers in the primary sector declined from 65.5 in 1977-78 to 57.0 during 1997-2000, this percentage had gone up from 14.2 to 20.2 in the secondary sector, and from 20.3 to 32.8 in the tertiary sector, during the corresponding period. In the case of female workers, on the other hand, the percentage of women employed in the primary sector fell from 89.8 in 1977-78 to 70.0 during 1997-2000, while that of workers in the secondary sector increased from 14.2 to 20.2, and in the tertiary sector, from 20.3 to 32.8, during the corresponding period. It merits mention here that the primary sector is largely unorganised and earnings in this sector are much lower than those in the secondary and tertiary sectors.

A large proportion of women workers are employed in the casual category than their male counterparts in both rural and urban areas. A trend towards greater casualisation has been observed along with a decline in the number of both male and female self-employed workers. Although it is difficult to judge whether a shift from self-employed to the casual category suggests an improvement or deterioration in the quality of employment, an increase in casualisation is considered to be indicative of the latter. It is observed that while the proportion of casual workers has increased over the years, this has been sharper in the case of men than women, and has occurred more in rural than urban areas. However, in urban areas, the proportion of casual female workers decreased during the period 1993-94 to 1999-2000. Overall, the proportion of regular female employees in the urban areas increased from 30.8 per cent in 1977-78 to 38 per cent in 1999-2000, but in the rural areas, it remained almost constant at around 3.5 per cent. Thus, on the whole, the employment status of women workers has not deteriorated over the years *vis-a-vis* male workers, but a much larger proportion of women, particularly in the rural areas, are employed as casual workers as compared to male workers.

Any assessment of women's participation in the labour force must therefore, grapple with a number of issues with the most obvious one being the problem associated with the definition of work, and the official recognition of the work that a vast majority of women perform as being part of the labour market. The second relates to an acknowledgment of the limitations of working with statistics, which under-value women's work.

Recognition of these limitations of conventional labour force participation measures has led the NSSO to collect information on the time spent by men and women in different tasks. The activities recognised by the national accounting systems (SNA) are largely undertaken by men, while the share of women's involvement in what is termed as extended SNA activities, or unrecognised economic work, is very high. While women spend 19 hours per week on SNA activities, men's involvement in the same is much higher at 42 hours per week. Further, of the hours

spent by women in economic activities, 51 per cent is devoted to unpaid work (CSO 2000; Rustagi 2002).

Gender Discrimination: How Equal Are Women in the Labour Market?

The consideration of categories of labour into which workers can be drawn leads to the questions of how workers, particularly women, gain access to various types of employment and the mechanisms by which it occurs (Baud 1992). In the context of India, only a very small group of women have access to the formal sector. A large majority of the women work either in the agricultural sector or tend to be concentrated in 'informal' employment ranging from household work to traditional productive tasks. However, given that only a small number of Indian women workers are officially recognised as workers, it is especially important to examine the nature of employment, and forces which determine their presence in specific sectors and occupations. In order to meaningfully analyse the patterns of women's employment, it is vital to contextualise it within the dualistic hierarchies that exist, particularly that of the rural-urban and the organised-unorganised.

Women in the Unorganised Labour Market: It is now widely accepted that an overwhelming majority of women and men in India work in the informal or the unorganised sector and the pace of growth in this sector is much higher than that in the organised sector. While employment in the unorganised sector increased from 278.72 million in 1983 to 368.89 million in 1999-2000, in the organised sector it increased only marginally from 24.01 million to 28.11 million during the corresponding period. Till very recently, data on the unorganised sector was not readily available for all industry divisions of this sector except for some sectors for which NSSO conducted occasional surveys. Hence, attempts have been made to arrive at a general estimate about the size of the unorganised/informal sector through what is known as the residual method.

UPSS employment for the years, 1987-88, 1993-94 and 1999-2000, for different sectors has been estimated at the one-digit level for both males and females. It is observed that between 1987-88 and 1993-94, female employment in the unorganised sector grew by 4.72 per cent as against 3.56 per cent of male employment. However, during the period, 1993-94 and 1999-2000, there was an absolute decline in the rural female employment (the growth rate was - 0.17 per cent per annum as against 1.45 per cent per annum for males). Female employment, as a whole, stagnated between 1993-94 and 1999-2000 and there was an absolute decline in the rural female employment. As a whole, between 1987-88 and 1999-2000, female employment in the unorganised sector grew by 2.47 per cent per annum as against 2.60 per cent for males. While during 1987-88 and 1993-94, there was an impressive

growth in all sectors, except construction, during 1993-94 and 1999-2000, there was negative growth in the primary sector and a slow growth in manufacturing, and financial and community services. Trade, transport and construction were the leading sectors, which absorbed female employment in the unorganised sector.

The negative growth in employment in the primary sector needs to be situated within the context of the labour market, where a concomitant increase in households with small land holdings has been observed in the rural areas. More significantly, it has also been noticed that with a rise in the diversification of economic activities among labour households, the proportion of wage earning men and women in rural labour households has decreased.

Further, it is well recognised that male and female labour markets often supplement each other. In India, as in most countries in Asia, men and women perform a different set of activities in each sector. Many studies including NSS data show that women are hired for the more manual, less mechanised and less regular employment (Table 1). This is in contrast with male employment, which tends to be more skilled and regular. Apart from the obvious discrimination of a sex-segmented labour market, women face the added disadvantage of earning lower amounts for similar tasks performed. According to NSSO statistics, casual female workers earn substantially lower wages across activities in different sectors as compared to their male counterparts.

Table 1: Percentage Share of Employment in Different Unorganised Sectors

Sectors	Male			Female			Person		
	1988	1994	1999	1988	1994	1999	1988	1994	1999
Agriculture	64.20	62.77	57.70	87.45	79.60	77.52	71.72	68.46	64.06
Mining & quarrying	0.43	0.49	0.37	0.33	0.37	0.27	0.40	0.45	0.34
Manufacturing	10.62	9.90	10.32	6.53	9.14	9.64	9.30	9.64	10.10
Electricity, gas & water	0.12	0.18	0.02	0.00	0.10	0.00	0.08	0.15	0.01
Construction	4.10	4.07	5.76	2.72	1.35	1.68	3.65	3.15	4.45
Trade	10.15	10.50	14.20	2.15	3.30	4.43	7.56	8.07	11.07
Transport, storage, etc.	2.93	3.25	4.51	0.00	0.15	0.22	1.98	2.20	3.14
Financial & community services	7.45	8.84	7.13	0.81	5.99	6.24	5.30	7.87	6.84
All sectors	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: NSSO Reports on Employment and Unemployment.

Micro-level studies also suggest that the most significant changes have occurred in the urban unorganised sector with women gaining entry into formal manufacturing industries such as garments, electronics and food processing (Table 2). However, a persisting problem in most industries has been that women are located at the bottom levels of the hierarchy and are being increasingly pushed into the status of casual or part-time hired workers.

Table 2: Industries Which Employed More Females Than Males, 1991

Description	NIC Group	Number of Workers in Hundreds		
		Female	Male	Percentage of Females
Processing of edible nuts	215	596	289	67
Manufacture of <i>bidis</i>	226	14,547	6669	69
Spinning, weaving and finishing of coir textiles	255	617	259	70
Domestic services	960	5,760	4,197	58

Note: NIC - National Industrial Classification, 1987

Source: Registrar General, India, Census of India, General Economic Tables

To a very large extent, in an economic situation, wherein access to regular employment is declining and the better-off and more powerful groups in society grab the scanty opportunities, it is inevitable that men will have access to better employment and resources as compared to women, given the structural and institutional constraints associated with women's access to education and training.

Women in the Organised Sector: Organised sector employment is often considered as a 'luxury' in India as it employs only 8 per cent of the total labour force. Further, as the organised sector witnessed near jobless growth during the period 1981-2001, both men and women have had to work in the unorganised sector, which is characterised by low wages and little or no job security. It is noteworthy that organised sector employment has been and continues to be excessively male-dominated. According to the statistics published by the Ministry of Labour in 1999, women comprised only 17 per cent of the total workforce in this sector (Table 3). A sector-wise profile of employment shows that the proportion of women was highest in the most backward and low-paying segment of the organised industry including agriculture, hunting, forestry and fishing, and lowest in electricity, gas and water. In terms of absolute numbers, the largest concentration of women workers was found in community, social and personal services.

Table 3: Employment in Organised Sector – India

Year (ending March)	Total Employed (lakhs)	Percentage of Women Employment to Total Employment
1980	223.1	12.1
1985	245.8	12.9
1989	259.6	13.7
1996	279.4	15.8
1997 *	278.0	16.8
1998 *	281.9	17.0
1999 @	281.1	17.2

Note: @ Data as per *Quarterly Employment Review*

* Data as per Quick Estimates.

Source: Directorate General of Employment and Training, Ministry of Labour

Two broad distinctions can be made in organised sector employment, viz., that of the public and private sectors. While the public sector is the largest employer of both men and women in the organised sector in India, it employs more men than women, i.e., 60 per cent of all women and 71 per cent of all men employed in the organised sector. The factors responsible for this have already been explored (Srivastava 1999; Duraisamy and Duraisamy 1995). It has been found that higher wages and greater job security characterise public sector employment and therefore, in a job-scarce economy, where societal attitudes favour men and where women's employment is considered as supplementary, women naturally find themselves at a disadvantage while looking for jobs. Further, gender bias and patriarchal values deny girls and women access to appropriate education and training, which are pre-requisites for finding a job in the organised public sector. According to the data collected by the Ministry of Human Resource Development, Department of Education, females constituted only 43.6 per cent of the total number of students enrolled in classes I-V, 40.4 per cent in classes VI-VIII, and 38.9 per cent in classes IX-XII, during 1999-2000. The gender bias becomes even more apparent when seen in terms of the number of girls per 100 boys enrolled in schools and colleges. These figures were 77 girls per 100 boys in classes I-V, 68 per 100 in classes VI-VIII, 65 per 100 in classes IX-XII, and 64 per 100 at the University level. The fact that girls lag significantly behind boys in higher education explains why public sector organisations, which are almost monopolistic in areas such as electricity generation and transmission, and petroleum and gas, areas that require highly qualified and trained staff, employ more men than women.

Notably, while the growth rate of male employment has been almost equivalent to that of employment in the organised sector at 1.12 and 1.39 per cent

respectively, the growth rate of female employment has increased by almost three times. Even discounting the fact that women's employment increased from a very low base, it is still noteworthy that women are slowly but steadily attempting to find a toe-hold in the male-dominated organised sector. However, a comparison of male and female recruitments reveals that the women-friendly tertiary sector employs 35 per cent women. But, in the primary sector, this figure drops to a dismal 6 per cent. This may be attributed primarily, to the continuing large gender gap between male and female educational training. According to NSSO estimates (1983 and 1999-2000), while there has been a substantial rise in the proportion of women having completed secondary and graduate education from 1.2 and 0.3 per cent to 3.6 and 1 per cent respectively, the male-female educational qualification gap has also increased from 5.2 and 1.2 per cent to 10.1 and 2.4 per cent respectively. This gap can, in turn, be attributed to the persisting gender biases in society that consider women's education as unimportant as women workers are largely perceived to be temporary and supplementary wage earners.

Women's employment in the organised sector also needs to be contextualised in the existing politico-economic situation of the country. Since 1981, there has been a decline in organised sector employment, in general and in employment in the public sector, in particular. However, it is also true that the private sector has seen a marginal rise in the employment rate, particularly in the financial service sector and in recent years, in the information technology sector. Since these are seen as the sunrise sectors, even the Planning Commission, in its plan document on employment generation in 2002, emphasises the need to promote these 'employment-friendly sectors'. The statistics and literature on employment practices are revealing in this context. For purposes of illustration, let us consider one segment of the financial sector, viz., banking, and the information technology industry since the former has been considered as 'a woman friendly' occupation for almost three decades and the latter is seen as an industry that will herald women's equality.

Banking: Available statistics reveal that a higher proportion of women are employed in private sector banks, especially private sector foreign banks (30 per cent in 1996) in contrast to their counterparts in the public sector (13 per cent). Similarly, it is apparent that while there is a male-female gap in all banks, private sector foreign banks employ a substantially higher proportion of women at the officer and manager levels (30.85 per cent) than the public sector, which employs only 13.16 per cent of women.

This apparent contradiction between lower employment of women in the public sector, as a whole, where there is a clear wage and job security advantage, and higher employment in the upper echelons of private sector foreign banks, where, again, there is a similar if not higher wage advantage, may be attributed to

the affirmative policies of the latter. Although it is now widely recognised that women are more constrained due to their reproductive and care-giving functions, it seems that the public sector banks still adhere to the traditional criteria and do not favour newer recruitment policies such as lateral entry or affirmative women-friendly policies. There is also a need to look beyond the logic of numbers to understand the push-pull factors that effect either high or low participation rate of women in the above sectors. The push factors account for the aspirations of women workers and changing family norms in favour of working women but disfavour career women, while the pull factors include the perceived image of the sector and shift in gender relations at the workplace, among others. Statistical evidence shows that banks have, during the last decade, cut back on employment of lower level secretarial staff and that private sector foreign banks almost entirely recruit higher qualified persons, which will adversely affect women as a majority of them are still constrained by societal biases which deny or at least restrict their access.

Information Technology: Rapid growth in the information technology sector since the early 1990s has caused some segments of the Indian intelligentsia to believe that this 'revolution' has the potential to effect fundamental transformations in gender relations. Its potential to open up new avenues for women as a gender-neutral employer continues to enjoy popular consensus. However, a recent study by Rothboeck, Vijaybaskar and Gayathri (2002) argues that the outcome is neither automatic nor inevitable. On the contrary, it is observed that very often factors inherent in the society and labour market threaten the gender equality objectives and empowerment achievements in this sector. The IT industry in India is also influenced by mediating factors in society as a larger proportion of women are employed in the IT industry, but, in the low-end technology segment. In fact, a majority of them are employed in the so-called IT-enabled sector. There is thus a need to identify ways in which these technologies are intertwined with social and economic forces.

Along with the hype heralding the IT sector as a gender-friendly industry, there has been an increase in supporting material predicting large labour market benefits for women. However, the less critical analyses have not examined women's employment in the IT sector within a structural and institutional context.

Sex Segregation in the Indian Labour Market — Changes in Gender Relations in Employment: The foregone discussion reveals that Indian labour markets are significantly characterised by sexual segregation. While women have made significant inroads into previously nearly all-male arenas, marginally reducing the vertical segregation of the sexes at the workplace, the labour market still remains overwhelmingly male-biased and increasingly horizontally segregated. What is, however, of concern is the fact that women's entry into male arenas of work has also

been determined by a fall in investment in these sectors. A plethora of evidence and micro-surveys reveal that women still experience severe occupational segregation. Since the late 1980s, and more evidently in the 1990s, though the pattern and structure of employment changed for both men and women, the labour market segmentation is still centrally structured by the inequalities in power, and women are still crowded in jobs and occupations, characterised by lower rewards and less power, such as *bidi* making, nursing, mid-wifery, pre-primary teaching, mat weaving and housekeeping.

While it is difficult to establish a linkage between women's employment and absolute poverty, it can be argued that poverty contributes to women's continued segregation in the labour market by denying them equal access to skills, resources and education. More importantly, these trends indicate that women's employment in the labour force is largely determined by macro-economic policies that impact poverty.

Gender and Poverty

For the last few decades, women's activists in India have been arguing that women are poorer than men. Most often, they have used empirical evidence derived from the labour market with regard to the feminisation of certain occupations to establish a relationship between gender and poverty. In recent years, however, this phenomenon of stretching the evidence on feminisation of certain labour processes in order to validate the feminisation of poverty thesis is being challenged. On the contrary, it is now believed that feminisation of poverty is a complex fact and that there is a need to carefully examine the various nuances of the differential experiences that poverty engenders for men and women.

Gender Inequalities in the Labour Market and Overall Poverty — Is There a Relationship?: It has been suggested that apart from traditional explanations based on agricultural growth and inflation rates, some other variables such as gender differentials in access to commodities and services determine men's and women's capabilities to function (Sen 1987). This approach encompasses a wide range of variables including visible ones such as adequate nourishment and appropriate skills to more complex ones such as the ability to participate effectively in the community. In a paper, Ghosh (1998) explains that as this approach incorporates the problem of social exclusion and marginalisation in the idea of poverty, it is particularly relevant to women. It not only extends the concept of poverty beyond the income criteria to incorporate access to means of satisfying one's basic needs, but also includes deprivations originating from social exclusion.

While it was widely acknowledged that poverty is a multi-dimensional concept, it is only in the last decade that the need for a multi-dimensional aggregate welfare indicator has been felt. Sen (1987) has been particularly articulate in not

only bringing the issue of gender differences in poverty to the forefront, but also in promoting the use of gendered indicators to estimate relative poverty. In India too, therefore, prior to the recognition of these limitations of standard poverty measures, income poverty was used as the welfare indicator. The typical basis on which income poverty is measured is the poverty line, which defines the level below which people are considered to be absolutely poor. Poverty line is conventionally defined in terms of the cost of a basket of goods covering basic consumption needs. In practice, in India, the latter is determined in terms of food expenditure to attain a recommended calorie intake supplemented by a small allowance for non-food items. In order to differentiate between the poor and the non-poor, a head count ratio is used, which provides a count of the proportion of population for whom consumption is estimated below the poverty line.

The NSS surveys, used to estimate income poverty in India, reveal that the proportion of poor living below the level of the poverty line has been steadily falling. While in 1983, 44 per cent of the population was considered to be absolutely poor, by 1999-2000, this figure had dropped to 26 per cent. There has been a lot of discussion about these trends (Sen and Patnaik 1997). It is posited that the most important reason for the decline in poverty ratios was the increase in the real wages of unskilled labour in both urban and rural areas, and across the range of agricultural and non-agricultural activities, and the relatively large scale increase in the proportion of households with land (Sen 1996; Ghosh 1998). According to the NSS data, the growth in average daily wage earnings at 1993-94 prices was higher for the period 1993-94 to 1999-2000 as compared to the period 1983-88 to 1993-94. Further, the growth in average daily wage earning has been higher for women in all categories except for that of casual labour.

As regards the structure of poverty, the data reveal that a larger proportion of the poor live in rural areas and that the rural poor account for three-fourths of all the poor. Further, in rural areas, certain occupational categories such as rural labourers show a higher incidence of poverty and groups such as the self-employed show a lower incidence of poverty. This has serious implications as statistics reveal that the proportion of self-employed is falling amongst both men and women and that there has been a rise in the casualisation of the labour force. To reiterate, the self-employment share in the total workforce declined from 62.6 per cent in 1977-78 to 56 per cent in 1999-2000. The share of regular salaried workers went down from 7.7 per cent in 1977-78 to 6.7 per cent in 1999-2000. This implies a rapid rise in the casualisation of workforce, in both the rural and urban areas, and amongst women and men, more so among women.

In terms of social groups, it emerges that the scheduled castes and scheduled tribes are considerably over-represented in the below poverty line estimates. Although it is difficult to obtain gender-differentiated estimates, it can

be deduced by pooling various NSS data sets that women are the more disadvantaged group. Firstly, female-headed households have recorded a higher incidence of poverty. Secondly, poor households have a higher proportion of adult females than adult males.

In India, the labour market and institutional factors mediate to reinforce women's unequal status. Gender inequalities are both the result and the cause that determine both the individual household's and the broader community's poverty in that they contribute to the inter-generational reproduction of poverty. In such a scenario, an analysis of poverty, especially women's poverty, may be better understood by using the new measures articulated in the United Nations Human Development Reports, viz. the Gender Development Index (GDI) and the Human Poverty Index (HPI), which incorporate variables associated with longevity, knowledge and a decent standard of living. These composite estimates reveal that women in India suffer from gender discrimination. With a GDI figure of 0.553, India ranks amongst the medium to lower cohort of countries with respect to gender equality (UNDP 1999).

Substantial gaps between men and women can be noted in welfare indicators associated with health (MMR, IMR), education (literacy rates, educational levels) and labour force participation (WPR, LPR). This indicates that in India, women have fewer opportunities of improving their capability for participating effectively in society and economy and implies that women in poor households are caught in a vicious cycle between poverty and gender inequality.

Women and Poverty — Is Women's Poverty More Severe?: Poverty, as traditionally understood in terms of the poverty ratio, shows a declining trend in the country for all households. It can also be inferred by using wages as an indicator that the quality of employment improved during the period 1993-94 to 1999-2000 for all categories, except that of the casual labour in agriculture where it improved only marginally for both men and women. However, there has also been a rise in casualisation of the workforce across all categories, and this rise has been higher amongst women than men.

There are other reasons for concern. In an earlier section, this paper has pointed out to various trends and patterns of other indicators of deprivation, particularly those related to survival and knowledge. The trends of the macro-indicators highlight various ideas with the most important among them being that though some processes have favoured poverty reduction, a large majority of the population still faces deprivation. This continued deprivation has serious implications for women, especially for those classified as part of non-poor households. At all these levels, gender and age-based power relations still shape the distribution of work, income and assets.

Earlier, when a higher proportion of households was classified as poor, it was widely believed that women would benefit through various anti-poverty programmes and development policies. With the recent macro- changes in economic policies, leading, in turn, to major changes in social and distributive policies, those who vacillate between poor and non-poor households have been particularly affected. It is feared that a further reduction in social transfer to the poor because of cuts in public expenditure in health and education and the lessening of subsidies on basic needs, will adversely impact women in the above households. There is also growing evidence in literature that women continue to be systematically discriminated against and structurally disadvantaged over a wide range of welfare indicators in recent years (Kabeer 1994).

The example of the State of Kerala is often cited in relation to the reduction in poverty ratio, both at the rural and urban levels in India, as here the mean consumption figures are not impressive. This can undoubtedly be ascribed to the high welfare indicators that the state boasts of in relation to women and the performance achievement of these indicators can, in turn, be related to the state's long-term investment in social and redistributive policies. The larger social benefits that accrue to society because of focused investment in women's education and health are thus evident.

Engendering Policy: A Status Report

Women and Poverty Alleviation Programmes: Since Independence, the Government of India has advocated gender equality in all its policy documents and commissions. The Indian Constitution of 1950 guarantees all women equality before the law (Article 14); no discrimination on the grounds of religion, race, caste, sex and place of birth [Article 15(1)]; special provisions to be made by the State in favour of women and children [Article 15 (3)]; equality of opportunity for all citizens in matters relating to employment or appointment to any office under the state (Article 16); State policy securing the right to an adequate means of livelihood [Article 39(a)]; equal pay for equal work [Article 39(d)]; provisions for securing just and humane conditions of work and for maternity relief (Article 42); and promotion of harmony and abolition of practices derogatory to the dignity of women [Article 51 (A)(e)].

Apart from the above Constitutional provisions, a wide range of legislations protecting women and promoting equality in the labour market were also introduced. But by the early 1970s, it had become evident that despite their prevalence, these provisions and legislations were rarely, if ever implemented and more seriously, their enforcement was often merely confined to organised sectors. Since then the Indian government has thus been trying to engender its social policy in order to ensure that none of its women-oriented programmes has any negative

consequences. The aim has been to effect structural and institutional changes in favour of women's welfare. The need for a conscious effort to focus on poverty reduction programmes for women has also been felt. Several anti-poverty measures and programmes have thus been periodically implemented with varying results. In spite of a strong affirmative policy intent, however, women have been unable to benefit from these policies due to structural and institutional factors (Table 4).

Table 4: Share of Women in Employment Generated under Poverty Alleviation Programmes in Rural Areas

Year	Total Number of Families Assisted under Self-Employment Programmes (IRDP+TRYSEM)* (Million Families)	Per Cent Share of Women	Total Number of Man-Days Generated under Wage Employment (NREP+RLEGP+JRY+EAS)** (Million Man-Days)	Per Cent Share of Women
1985-86	3.2	11.52	564.0	9.67
1986-87	3.9	16.61	701.5	15.47
1987-88	4.4	20.77	674.9	18.05
1988-89	4.0	24.53	691.5	20.75
1989-90	3.6	27.00	864.4	22.04
1990-91	3.1	32.29	873.8	24.64
1991-92	2.8	35.20	809.2	24.01
1992-93	2.3	35.22	782.1	24.69
1993-94	2.8	35.47	1075.3	22.82
1994-95	2.5	35.42	1225.7	22.25
1995-96	2.3	34.16	1239.4	29.67
1996-97	1.7	31.39	730.1	30.52
1997-98	1.8	35.75	639.4	33.40
1998-99	0.6	34.65	221.0	27.94
1999-2000	0.37@	44.09	137.01 #	27.13

IRDP *: Integrated Rural Development Programme

TRYSEM : Training of Rural Youth for Self-Employment

NREP **: National Rural Employment Programme (during 1985-89)

RLEGP : Rural Landless Employment Guarantee Programme (during 1985-89)

JRY : Jawahar Rozgar Yojana (since 1989-90)

EAS : Employment Assurance Scheme (since 1993-94)

@ : Swarn Jayanti Swarozgar Yojana (Swaryarics)

: Jawahar Grams Samdhi Yojana and EAS

Source: Department of Rural Employment and Poverty Alleviation, Ministry of Rural Areas and Employment, New Delhi

Jayathi Ghosh (1998) classifies India's poverty reduction programmes into the following categories:

1. Those relating to access to food, through a public distribution system (PDS) and other items;
2. Those devoted to promoting self-employment through the provision of assets, assistance in marketing, etc.;
3. Those devoted to providing lean season employment or other forms of wage employment;
4. Those addressing other basic needs such as health, sanitation, housing and educational facilities.

The previous decade also saw the mushrooming of a large number of self-employment schemes in the country. Women are specifically targeted by many of these schemes, as it is believed that self-employment will help them to balance their family responsibilities while ensuring economic independence. It is also believed that through the provision of selective training, especially in non-traditional occupations, these employment programmes can positively influence occupational segmentation in the labour market. Three such prominent programmes have been discussed below:

- a) ***Integrated Rural Development Programme (IRDP)***, launched in 1979, is amongst the largest and most popular credit-based poverty alleviation programmes. It provides credit through commercial banks to below poverty line households allowing them to purchase assets that will result in viable self-employment in future. The scheme stipulates that 30 per cent of all IRDP beneficiaries should be women.
- b) ***Support to Training and Employment Programmes for Women (STEP)*** was initiated in 1983 with the aim of upgrading the skills of poor women with no assets through specific training for sustainable employment in traditional skills such as agriculture, dairying, sericulture, fisheries, handloom and handicrafts.
- c) ***Development of Women and Children in Rural Areas (DWCRA)***, launched in 1983, aims at providing self-employment opportunities to women of poor households according to their skill, aptitude and local conditions to enable them to participate in an organised manner in social development.

Assessments reveal that the main problem with credit-based self-employment schemes such as those listed above is that the provision of credit is in itself inadequate for successful self-employment. Further, while the linkage of credit-asset-self-employment seems to be theoretically sound, in reality, this linear linkage is difficult to achieve because of the faulty or lax implementation of these schemes and because they make no allowance for either women's needs or the specific

requirements of the region. Recognising the clear-cut correlation between employment security and human development, the Government did launch certain schemes to ensure an increase in employment levels and thereby income to poor households. However, the performance of these schemes has also been marred by the poor involvement of women. This has often been attributed to the failure to attract women as well as the absence of additional facilities for child care, and lack of flexible working hours (Ghosh 1998).

Poverty Alleviation Programmes —Success and Failures: With the failure of the “trickle down” model of growth, the patterns of policy intervention for poverty alleviation have varied considerably, ranging from the provision of direct food subsidies to ensuring basic needs through employment generation to guaranteeing access to credit for livelihood security. The dominant notion underlying all these interventions is that access to productive employment leads to income augmentation in the short run, and to poverty reduction in the long run. However, this recognition of the need to move away from growth-mediated poverty reduction to a welfare-based strategy has also resulted in the re-evaluation of the reigning paradigm of development and has consequently catapulted women’s issues, especially questions of their employment and economic security, to the centre-stage. It is seen from the above discussion that in most social welfare schemes wherein women are the beneficiaries, the target remains elusive due to the prevailing social norms and skewed power relations in society. However, the scenario is not entirely bleak as variations of some of these programmes have been successfully implemented, as is obvious from the following widely quoted success stories.

1) *Maharashtra Employment Guarantee Scheme (EGS)—Employment Security for Women Workers:* The EGS was launched in the 1970s in Maharashtra, a major state of western India, for guaranteeing employment to all adults willing to do unskilled manual work on a piece-rate basis. The main objective of the EGS was to improve household welfare in the short-run and contribute to the development of the rural economy in the long-run. Although the EGS was not conceived as a women’s employment programme, the available data shows that women’s participation in this scheme over the last two decades has been consistently high (Datar 1988; Dev 1996; Dev and Ranade 2001). Many believe that the main reason for this was that it allowed women to work in the vicinity of their villages, and it offers work on equal wages criteria. A third set explains the women-friendliness of EGS in terms of the fact that women’s labour as well as wage labour were seen as supplementary and it was, therefore, natural for women to participate in a higher proportion in the EGS. This is further corroborated by the data from rural Maharashtra where it is seen that women from medium and small landholding households were participating in EGS. In other words, EGS seems to suit persons who do not require continuous

employment and need flexibility in choosing their work. A majority of the women in rural poor households fit the bill in that they need to balance their productive, reproductive and care roles with the monetary compulsions of the household. In the absence of EGS, they would have to resort to wage labour in private agriculture, which is characterised by more discriminatory features and greater rigidity.

- 2) *DWCRA – Women’s Empowerment through Skill Training and Access to Credit:* This programme aims at improving rural women’s economic and social status by introducing them to income generating skills, and productive and sustainable economic activities. Women members are organised into groups, provided with initial seed money, trained in a marketable skill and encouraged to function as entrepreneurs. Recognising women’s familial responsibility, the scheme has attempted a convergence with other programmes, especially those connected with the Departments of Women and Child Welfare, Health and Education. The importance of the DWCRA model needs to be stressed as it is amongst the few schemes which avows to empower women through economic means. The success of the scheme has been attributed to two of its intrinsic features, viz., the creation of thrift and credit societies, which enable women to mobilise funds for credit without depending on middlemen and moneylenders; and the training imparted to women in an employable or marketable skill. While established social mores prevent individual women from accessing both credit and raw materials, and later marketing them, the DWCRA model offers women a way to overcome these barriers.
- 3) *Self-employed Women’s Association (SEWA), Trade Unionism and Women’s Empowerment:* SEWA, a trade union for women in the unorganised sector was formed in 1972 when it was felt that the traditional trade union model was ineffective in organising and representing the problems of women workers. SEWA adopted a multi-pronged strategy to achieve its twin goals of women’s empowerment and poverty reduction. As its members are women workers in the informal economy, it has, through organisation, ensured minimum wages for them in the short-run, and aims to achieve work security in the long-run. The unique feature of this model is that it runs a contributory social security scheme, which covers health insurance, life insurance and asset insurance. The reasons for SEWA’s success have been well documented (Lund and Srinivas 2000) and are attributed to the successful politicisation of gender issues at the local level and to the effective organisation of women workers around core access and control issues.

Conclusions: Women, Labour Market and Poverty Alleviation

Recent literature on poverty includes indicators of vulnerability, powerlessness and lack of voice in order to widen the concept beyond income and living standards. The significance of this is often under-estimated, especially in relation to policies concerned with women's employment as women's presence or absence in paid employment and in specific occupational categories is crucially structured by the environment created by state policies. This is evident from the discussions on poverty, gender and employment that have hitherto taken place. It is clear that poverty needs to be understood in terms of lack of access to services, lack of personal security, low social status and lack of control over labour and employment. This has implications for a whole range of policies which directly affect the quantum and quality of women's participation in the labour market such as those concerned specifically with regulating gender relations in employment, viz., Equal Pay, Discrimination Acts, Education Bills etc., and those concerned with balancing work and familial responsibilities, viz. childcare policies, maternity benefits etc. Poverty also has outcomes with respect to sexual division of labour, which are affected by the regulation of the wider social environment in which men and women make decisions. For example, personal laws, regulated by cultural institutions, indirectly affect women's access to land and other immovable assets, thereby excluding them from control over their labour and often even skills that can lead to better quality employment.

State policy in India appears to be aware and committed to alleviating women's low status *vis-à-vis* the labour market through poverty alleviation programmes. There is, however, a yawning and elusive gap between policy and practice, rhetoric and reality. What is the implication of this? There is a need to go beyond the rhetoric and take into account factors which result in societal passivity on issues concerning women's work. While women's quiescence is presumed to be the main factor responsible for their low labour market status and material poverty, it is time to understand men's role too and deal with strategies employed by them as principal patriarchal agents in order to develop a successful social mobilisation plan.

The long-term aim of this plan should thus be to move from participation to partnership. Today, women workers have been given or allowed the opportunity to take part in the labour market with a view to alleviating the poverty of their households. The imagery is static, women workers are perceived as efficient managers in that they can manage to take on the additional responsibility of productive work, while managing their domestic responsibilities and therefore, given the role of a conduit as is evident from the various programmes. It is time to review the existing national policy on women as well as the myriad poverty alleviation-employment boosting programmes with women participating in the review as partners in development.

Such an exercise requires a broad-based, but close collaboration – between policy making bodies and implementing agencies, employers and employees, formal sector workers and informal sector workers, trade unions and civil society organisations. The main issue plaguing women workers, especially self-employed and casual labourers in the unorganised sector, is the lack of cross-reference between the various policy instruments and programme interventions. For example, most of the present implementation problems arise because a wide range of government agencies and departments have responsibilities for increasing women's participation in the labour force, on the one hand, and effecting poverty reduction, on the other. At the practical level, it may be worth looking into solutions such as streamlining administrative procedures and developing the equivalent of the much-used liberalisation terminology, viz., a 'one-stop facility' for women.

Several models of co-operation and collaboration exist and need to be replicated urgently. To name a few, SEWA, Annapurna, and the Working Women's Forum are successful examples of models that have brought the issues concerning women workers to the centre-stage, besides being instrumental in mainstreaming women's issues into state policy, and implementing labour standards amongst unorganised women workers. These models share a common feature in that they have all invested time in socially and politically mobilising not only women, but also other social partners. Simultaneously, there is also an urgent need to involve traditional employers and workers' associations which are the seats of power in India. In conclusion, it can thus be said that while gender mainstreaming in poverty is taking place through debates and policy implementation at various levels in India, it is important to affix this firmly within the context of labour standards.

Appendix I

Chart 1: Percentage of Weekly Average Time Spent on Various Types of Activities by Sex (Rural)

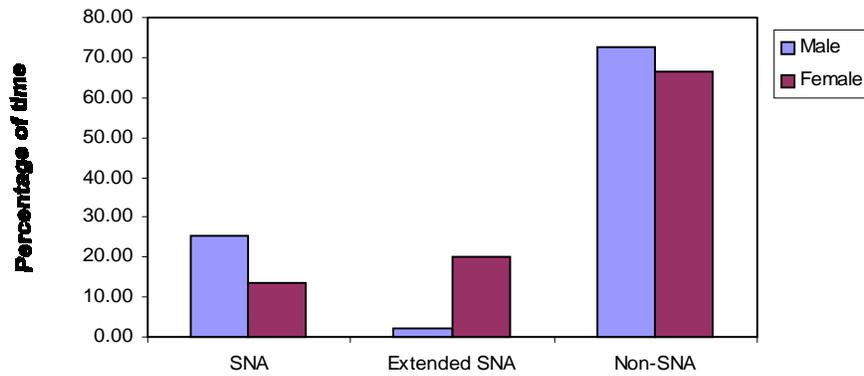
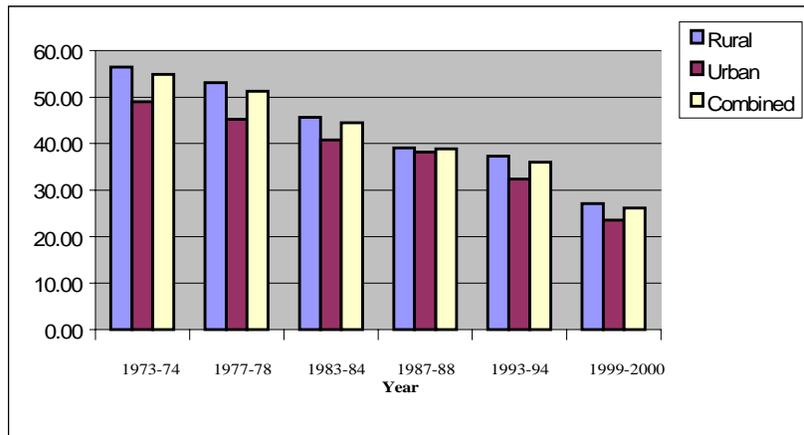


Chart 2: Percentage of Population below the Poverty Line



Note

- ¹ In this method, the size of the unorganised sector is estimated by subtracting the number of workers employed in the organised sector given by the Directorate General of Employment and Training (DGE & T) of the Ministry of Labour, from the figures for total employment provided by the NSSO. The latter is estimated by applying the WPRs of the NSSO to the mid-year population obtained by linear interpolation. Two limitations need to be noted here. The DGE & T does not give data on organised employment by rural-urban location and the employment it reports is an understatement because of the growing apathy among the firms to report to DGE & T.

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Health Financing Reforms in India: Lessons from other Countries

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Abstract

This paper examines the economic theory behind State's intervention in the provision and financing of health care. The paper is a meta-analysis and a) reviews critically the approach to health policy by various countries and examines the link between public health spending and the allocation of health expenditure in different sectors, on the one hand, and health outcomes and equity, on the other; b) it examines the health status of India and notes that the health needs of the country require more public health measures than ever before and looks into the quality of private health care; c) it examines the causes for mortality transition of developed and developing countries and notes the role of inter-sectoral approach to the success of Sri Lanka, China, Taiwan and South Korea and suggests that India should follow the same, because India is characterised with high malnutrition, high incidence of communicable diseases, and high infant mortality. In India, out of the total health expenditure, only 20 per cent is from the government and the rest is from private sector; it notes that the health outcomes and equity are better in countries where the share of public health expenditure is more. It also notes that out of this public expenditure in India, 65 per cent was spent on medical sector – an inefficient way of spending resulting in poor health outcomes. To achieve better outcomes and equity, the government must intervene in subsidising prevention and treatment of communicable diseases and subsidising rural health; d) it reviews different sources of health financing and their limitations and notes that the major source of health financing in India—out-of-pocket expenditure — is an inflationary and cost escalating method resulting in inequity in spatial distribution of health services in India; and e) finally, it examines the circumstances under which various countries adopted reforms in health

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care. It also examines the experiences of other countries with regard to one financial strategy, i.e., user fee and its impact on cost recovery, utilisation, and equity and shows that user fee as a strategy did not give the expected results. It concludes that user fee in India may not be suitable because here 75 to 80 per cent of the users are from private sector. Also, user fees as a tool to reduce the financial burden may not be applicable in the Indian context with its high poverty levels, malnutrition, inequity in health facilities and low literacy levels.

Introduction

There are two basic theoretical frameworks on which different health systems can be analysed—libertarian and egalitarian (Culyer *et al* 1981). The former values consumer sovereignty and market forces while the latter is committed to the pursuit of community health – equal health as a right to everyone, and inability to pay should not deny access to this fundamental human right. The egalitarian approach favours *equality of opportunity* (physical proximity and lowering of financial barriers), i.e., equal access and opportunity to the poor in the use of health care.

United States of America follows the libertarian approach, with its private insurance-based system and buys health care using public fund insurance for deserving poor and the elderly (Peabody *et al* 1996).

Australia and other OECD countries follow egalitarian approach with social insurance system and the governments of these countries take into account externalities, such as preventing communicable diseases, protection of environment, etc., and provide merit goods. The health outcomes are better in these countries than in the United States¹, which follows libertarian approach. The government's role as an agent to reduce risk and improve welfare has both an economic value to society in terms of maintaining household productivity and humanitarian value of helping the disadvantaged. Even the argument for interventions in health care, so as to reduce poverty, is largely economic. Economic theory suggests that governments may or should intervene in health care system to redress the failure of the market mechanism.

The basic needs approach to development focuses on welfare aspects and explicitly considers inequality in society. For the eradication of mass poverty and attaining equity² in society, economic growth alone is not adequate. A comprehensive range of economic and social policies is needed. Equity is associated with social justice and fair distribution of resources. Under basic needs approach, social services are extended to different social groups based on needs. Health, along with education and other human services, forms the social sector. In this approach, the most vulnerable groups are attended first.

In India, initially the state concentrated on the development of infrastructure for health care system. Due to fewer number of rural health facilities and low coverage, and an insignificant presence of private sector in the delivery of modern health care, the Bhore Committee (1946) recommended that the State be the main provider of health care. While this line was followed in the post-independence period, by the eighties, investments by the State in the hospital sector started decreasing. Over a period of time, problems of inadequate resources and poor management of available resources in the public sector resulted in inefficiency³ giving scope for much criticism.

India had very large private medical sector, especially for non-hospital care. While the colonial state developed the hospital sector at a slow pace, individual private practice expanded without any state intervention. Investment in private hospital sector was very small until the mid-1970s, after which it expanded (number of hospitals increased from 4,465 in 1976 to 11,174 in 1991). There are two reasons for this – the first reason is that the state is unable to provide health care to the growing population and its health needs, and started providing subsidies and soft loans, duty and tax exemptions, etc, to the private sector and also the private sector is interested in capital intensive services (hospitals). The second reason is that the introduction of modern health care in the form of Primary Health Centres paved the way for the private sector by creating a market for modern health care in the peripheral regions. Parallel to public sector by the nineties, the private sector penetrated the market with corporate hospitals and super speciality care characterised by ultra-modern and sophisticated technologies, resulting in an increase in the cost of health care (Gopalan 1994; Sen *et al* 2002). Against this background, the present paper focuses on the following in the Indian context based on the experiences of a few developed and developing countries: a) The role of State in the provision of health services; b) Priority setting for the major health problems in India; c) Magnitude and issues in health provision by private sector; d) Health policies and health expenditure; e) Different sources of health financing and health outcomes; and f) Reforms in health care in different countries with respect to user fees and lessons for India.

Role of Government in the Health Sector

The crucial assumptions⁴ of perfect competitive market are not applicable in health care because of its unique characteristics⁵ and there is a market failure in health care. The justification for the State to intervene in health care market is: a) to ensure equity; b) the presence of externalities and public goods; c) to promote both technical and allocative efficiency; and d) to contain the ever increasing cost of medical care. Further, the absence of socially optimum supply of hospitals, and dependency of health care on drugs (inappropriateness of agency relationship)

and the related regulatory problems also justify for the State to intervene in the health care market.

No country in the world has a completely free market for the health care because of fundamental market failures in this area and also health service is inherently uncertain (Arrow 1963). It is widely agreed that a health care system left to market forces alone will not be socially optimal in terms of quantity, quality or cost (Hsiao 1995) and would not lead to an effective and efficient health care system (Rosenthal and Newbrander 1997). Health care markets suffer from significant deviations from the pure competitive market model provided in economics and these deviations can result in significant losses to social welfare⁶. Also, there is a market failure in health insurance⁷. Thus, the economic basis for public production and subsidy emphasises public action to compensate market failure to provide an efficient allocation of resources (Arrow 1963; Griffin 1989; Akin and de Ferranti 1984, 1987).

Theoretically it is not possible to achieve equity in the market because of three reasons. Firstly, the market for health care does not concern itself with any particular modality for income distribution. Poor and those generally vulnerable to ill health do not have the ability to purchase health care. Secondly, in the free market, individuals are assumed to be self-interested and their desire is to maximise their own utility, which is against achieving social equity in terms of needs not backed by purchasing power. Further, there is an option demand for the hospitals – they should be available as a standby in case of emergencies such as accidents, outbreak of epidemics, etc. Option demand cannot be expressed effectively in the private market. The hospitals have no way of charging the people who have an option demand. Also, those who have an option demand will conceal their true preferences in the hope that others who have such demands will contribute to the support of the hospitals. As a result, in the absence of public financing, there will not be a socially optimum supply of hospitals (Sgontz 1979). Thirdly, giving cash subsidies to people lead to problems such as identifying the targets, and even if done there is no guarantee that people spend the money for health care. In the best interest of society, the State would like its sick people to take treatment, especially for contagious and communicable diseases. Thus, there is a case for government's intervention in health care market. The role of government is to correct market failures and ensure equity to poor and vulnerable people.

Another reason for the State to intervene in health care is the role of pharmaceuticals in health care. Because of inappropriateness of the agency relationship between the consumer (patient) and the provider (doctor) in health care, neither the buyer (patient) nor the drug seller (pharmacist) has a control on the sale of drugs, only the doctor has. In developing countries, pharmaceutical drugs now account for 30 to 50 per cent of total health-care expenditure, compared with

less than 15 per cent in established market economies (Velasquez *et al* 1998). India spends 20 per cent of its public health expenditure on drugs. More expensive and less essential drugs dominate the drug production in India (Government of India 1975). The supplier-induced demand and the link between profits and the sale of drugs through the health services or individual practitioners would result in over prescriptions and loss of resources to the society. Hence the society or the State is in a better position to make informed choices about the overall levels of health expenditures and its allocation than the individual citizens.

Apart from the above reasons, the Constitution of India, under Article 21, guarantees the right to life as a Fundamental Right: "No person shall be deprived of his life or personal liberty except under procedure established by law". Directive Principles of State Policy (Articles 41, 42 and 47) speak of the duty of the State to make provision in health matters. In a number of judgements, the Supreme Court has reminded the State and the medical profession of their duties in protecting the lives of citizens.

Priority Setting in the Health System of India

Despite overall achievements in India in other fronts after Independence, millions of people lack access to basic food, shelter, and safe drinking water. Diseases arising out of acute malnutrition persist, and more than a third of population remains illiterate (Kumar and Mukherjee *et al* 1993). In spite of a nationwide supplementary nutrition programme (ICDS) for pregnant women and lactating mothers and children aged 1-4 years, the data of National Family Health Survey-2 (1998-99) show that 36.8 per cent of women are with body mass index of 18.5 kg/m² or less, indicating chronic energy deficiency. Anaemia in women varies from 41.9 per cent in high income groups to 60.2 per cent in low income groups. Among the children below three years, 47 per cent are underweighted, and 18 per cent are severely underweighted (NFHS – 2).

Though the percentage of population below the poverty line has declined from 36 per cent in 1993-94 to 26 per cent in 1999-2000 (Economic Survey 2000-01), the overall picture indicates that social infrastructure in India has remained relatively neglected. This is true in health sector also. The combined factors of population and unsatisfactory health status make India account for a fifth of the global burden of diseases with a 17 per cent share of the world's population. Of the global burden, India accounts for 23 per cent of child diseases, 20 per cent of maternal deaths, 30 per cent of TB cases, 68 per cent of leprosy cases, and 14 per cent of persons infected with HIV (Misra *et al* 2003). Similar trends are seen in poverty reduction, sanitation, and access to safe drinking water and literacy – all-important determinants of health status suggesting a holistic approach to health sector. These are reflected in the health indicators of the people as given below.

Major issues affecting health scene in India are: high infant mortality (68 per 1,000 live births in 2000, accounting for one fifth of total deaths), and high maternal mortality (407 per one-lakh deliveries in 1998, which was far higher than the target of 200 set for 2000 by the National Health Policy, 1983). The reason for high maternal mortality rate may be due to the fact that 46 per cent of the deliveries are attended by untrained professionals (Sample Registration System -1998). Two major diseases, which cause morbidity and mortality among children are - diarrhoea and acute respiratory infections (ARI). The Survey by the Registrar General, National Institute of Communicable Diseases and National Family Health Survey, etc., have reported several episodes of diarrhoea particularly among children in the age of 6-23 months. Incidence of ARI has been found to be high among low birth weight and malnourished babies. National level studies based on a large sample [Gumber 1997; 42nd and 52nd Rounds of National Sample Survey (NSS)] have shown that India is facing a double burden of communicable and chronic diseases. The above statistics suggest the need to strengthen primary health care services along with qualitative improvement in health related sectors such as water, sanitation, nutrition, etc., and not to privatise them. But, unfortunately, the expenditure on water supply, sanitation and nutrition is not up to the mark. In one of the states in India, viz., Andhra Pradesh, health related sectors like water supply, sanitation, and nutrition received only about 3 per cent of total public expenditure (Narayana 2003). This is against the recommendation of 15 per cent allocation by Bhore Committee or 10 per cent by Mudaliar Committee as also that of the World Health Organisation. The allocation could not reach even 6 per cent level recommended by the Health for All report of the Indian Council of Medical Research.

With the onset of demographic transition⁸, the percentage of aged (60 +) had increased from 5.7 in 1961 to 6.7 in 1991 in India. According to NSS, nearly half the population aged 60 and above were suffering from a chronic disease in 1986-87; and about three-fourths of elderly were economically dependent. Gumber (1997), in the combined analysis of morbidity data from NSS (42nd round) and NCAER Surveys (1991 and 1992), found that annual hospitalisation rates were high among elderly people and non-hospitalisation rates were concentrated in younger and older age groups. Similar findings were noticed in the 52nd round of NSS data. Improved survival among the aged implies an increasing demand for health services (Verbrugge 1984 1989). The cost of management per medical case for those above 70 years is estimated to be four to five times higher than that for less than 5 years age group (Ogawa *et al* 1986).

Epidemiological Transition: It refers to long-term changes in the health conditions of a society. It involves four fundamental shifts⁹. During the process of economic transition of any country, the chronic diseases and stress related diseases are on the rise due to urbanisation and industrialisation. In 1990, when the burden of

diseases was analysed, in the established market economies, 9.7 per cent of the burden was due to communicable diseases, 78.4 per cent was due to non-communicable diseases and 11.9 per cent was due to other diseases. The corresponding percentages were 71.3, 19.4 and 9.3 in Sub-Saharan Africa, and 50.5, 40.4 and 9.1 in India (Murray, Lopez and Jamison 1994). Similar distribution was noted for India as a whole in 1998 (WHO 1999) and for India and five states (WB 1997 and 2001). Among the communicable diseases, TB and malaria pose special threat. Data from NSS 52nd round on morbidity also indicate that TB was one of the major chronic diseases. This situation called for emphasis on secondary and tertiary level care and not privatisation.

The major causes of death in developing countries in 1985 were infection (36 per cent), circulatory problems (19 per cent) and others (21 per cent). The corresponding percentages in industrial countries were 9, 50 and 15 (Bulatao and Stephens 1990). The mortality data by causes in India (WHO 1999, Health Information of India-2000 & 2001, 2003) show that the percentage of communicable diseases was 42, non-communicable diseases were 48 and injuries were 10. Among women deaths in India, 65 per cent was due to infections and only 2.5 per cent was due to childbirth (Gupta 1996). So, the policy should emphasise on public health problems and not reproductive problems.

Utilisation of Health Services: The data from 42nd round of NSS (1989) on utilisation of health services indicate that the government services were the dominant services for treatment of all except those from higher income groups in both rural and urban areas. For acute illnesses private practitioners provided the majority of treatments at all economic levels. The survey also indicates that public hospitals provided an important source for in-patient care of the poor. Non-poor patients also significantly used these facilities. The richest 20 per cent enjoyed three times the share of public subsidy for health compared with the poorest quintile (NCAER 1991). It also shows that for diseases that required longer treatment, such as tuberculosis, and skin diseases, and for complicated diseases, public hospitals were chosen for treatment. The reason could be that the treatment for chronic diseases was “non-productive” and not lucrative and so the private sector did not show interest in providing these services. On the contrary, the private sector was interested in treating greater proportion of shorter stay (acute) cases than the longer stay cases.

The 52nd round NSS data show that 20 per cent of the people used government sources and 80 per cent used private sources for the outpatient care. Similar findings were observed by NFHS-2 survey also. The reason for this could be that the existing public health infrastructure was far from satisfactory as is well documented in the Draft National Health Policy 2001 “For the outdoor medical facilities in existence, funding is generally insufficient; the presence of medical and para-medical is much less than required by the prescribed norms; the availability of

consumables is frequently negligible; the equipment in many public hospitals is often obsolescent and unusable and buildings are in a dilapidated state” indicating the poor quality of services in public sector. There is a negative correlation between the income and the utilisation of public sources. Among the hospitalised treatments about 56 per cent were from non-governmental (52nd NSS survey).

A study by the author (1993) on health seeking behaviour of 600 rural mothers (300 IRDP beneficiary households and 300 – non-beneficiaries — both the samples were from poor households) from 9 villages in Hayathnagar Mandal of Rangareddy district indicates that two-thirds of mothers and children took treatment from private sector for illnesses (most of them are common illnesses treated as outpatients). The same study pointed out the main reasons for not utilising the public sector facilities. These were unsuitable timings of the facilities, non-availability of health personnel, non-availability of drugs, and long waiting time. Other utilisation studies show that one-third of in-patients and three-fourths of outpatients utilised private health care facilities (Duggal and Amin 1989, Yesudian 1990, Visaria and Gumber 1994). Gumber’s (1997) analysis across states found that the reliance by people on public sector was more in less developed states as compared to more developed states. The reason in the former could be non-availability of private sector service providers. It was further found that among the nine major States, the lower socio-economic groups and the scheduled caste population used public facility more often than the higher socio-economic groups.

Poverty, Health and Health Expenditures at the Household: There is a broad view of the prevalence of a vicious circle of poverty, malnutrition and ill health. The major health problems in the developing countries arise from poverty and poor environmental conditions. Better nutrition, sanitation, immunisation and preventive health education could prevent almost 80 per cent of this conditions¹⁰. The major determinant of morbidity and mortality in the country was malnutrition. Poor households spent 80 per cent of total income on food. Even then they met only 80 per cent of the suggested dietary requirements (Lipton 1988).

It is observed in many studies that the mortality and morbidity were clustered among children, women in reproductive ages and the elderly, particularly among those belonging to the poor households. Among these, again the risk of morbidity was higher among the young, casual labourers and self-employed households with limited resource base. They suffered considerable hardship due to frequent and prolonged illnesses and chronic diseases.

Table 1 indicates that poorer households spent a greater share of their income on health care than the rich households. Sierra Leone study (Fabricant *et al* 1999) concludes that part of the high relative expenditure on health by the poorest groups was due to their greater medical needs. Members of the poor households were nearly 20 per cent more likely to be ill (inclusive of all illnesses) than their

wealthy neighbours. In about 29 per cent of all cases, formal medical treatment was deferred for financial reasons, more so among the lowest income quintile (34.8 per cent). In most of the developing countries, it was noticed that poor households spent greater share of income on general health care as well as maternal health care than the rich households (Whitehead *et al* 2001).

Table 1: Percentage of Health Expenditure by Households According to Their Income in Different Countries

Country	Lowest income quartile	Upper income quartile
Nepal 1993	10.0	6.0
Vietnam 1996	19.3	3.9
Bangladesh 1997	10.2	2.3
Thailand 1997	21.0	2.0
Gambia 1994	6.0	3.4
Egypt 1995	14.0	8.7
Azerbaijan, Cuba 1996	25.0	17.5
Sierra Leone 1999	25.6	3.7
NCAER 1992-3 \$	7-8	2-3
Madhya Pradesh 1993	10.0	2.0
Rangareddy, Andhra Pradesh, 1993		
Out of total income	2.2	na
Out of non-food expenditure	10.0	na

Source: As quoted in Fabricant, *et al* 1999.

\$ Shariff, Abusaleh. 1995.

The frequent illnesses among poor in many countries result in: a) loss of wages leading to more financial burden for treatment as in Vietnam (Segall *et al* 2000) and China (Yu *et al* 1997) (see also Pryer 1989); b) struck in debt trap as in Vietnam (Tipping 2000); c) selling off other assets and foregoing other necessities for treatment, sometimes resulting in impoverishment as in Cambodia, Uganda, Thailand and Kenya (Corbet 1989; Chamber 1989) (see, for further details, Visaria 1990; Hsiao 1994); and d) untreated morbidity as in India (Iyer and Sen 2000).

Magnitude and Issues in Private Sector in India

Despite the relatively greater spread of public facilities, a higher proportion of health services are provided by the private sector than by government facilities in India (Chatterjee 1988). India probably has the largest private health sector in the World (Duggal and Nandraj 1991). Most of the manpower in health is in private sector (Jasani and Ananthram 1993). According to information available about

hospitals and hospital beds by ownership, about 57 per cent of the 11,174 hospitals were in the private sector in 1991, and 32 per cent of the total hospital beds (664,135) were in private sector, while the government and the local government agencies owned the rest of 32 per cent of the beds (CEHAT Database 1995). The spatial distribution of health services indicates a clear urban bias. The national average of urban hospitals and beds was fifteen times the norm recommended in 1987 (Chatterjee 1993).

The main issues in private sector in India are quality and increasing cost of health. (Gopalan 1994; Sen *et al* 2002). Bhat (1997) has concluded that a level of awareness about the Consumer Protection Act and other regulations among private practitioners would result in increase in health care costs to consumers. The data on cost of treatment between public and private sector narrowed between 42nd and 52nd NSS rounds. The reason was that in the public sector, patients were asked to buy drugs, injections, diagnostics, etc. The private sector expenditure is dominated (67 per cent) by curative care at primary level, with only a third spent on secondary and tertiary in-patient care (World Bank 1995).

Quality of Care: Private sector consists of various kinds of practitioners. While a large percentage of people use private services, it is likely that a large part of it is from under-qualified practitioners. In many national studies, including the 42nd NSS round, the distinction between various kinds of practitioners was not made. Vishwanathan and Rhode (1990) report that 38 per cent of those described by village mothers as 'doctors' had some type of medical qualification or registration and that only 3 per cent were MBBS. Rhode and Vishwanathan (1995), in another study, noted similar findings. Berman (1996), in his analysis of health care expenditure in India remarked that "private sector has contributed for health improvement in India, not by its quality but by its size and frequency of treatment".

Yesudian (1990) has noted that the private health care practice significantly affected both the cost and quality of available health care services. Private physicians and hospitals rendered superfluous services and high cost services (Uplekar 1989; Duggal and Amin 1989). They also had greater incentives, freedom, and ability to provide higher quality services than public providers with respect to the non-technical aspects of quality (Berman and Rannan 1993). Yesudian (1994) has observed that medical malpractice and medical negligence seemed to be rampant in the private sector. The number of cases filed in Consumer Redressal Commissions (district, state and national levels) demonstrate the evidence of growing concerns about the quality of private practice.

Overuse of Drugs and Irrational Practices: Many studies have noted that private sector overuses drugs and encourages irrational practices. In Jalgaon district of Maharashtra, it was found that 72.5 per cent of the patients for diarrhoea, 66.7 per cent for cough and cold, 87.5 per cent for malaria, 61.1 per cent for measles and 76.5

per cent for heart diseases received injections (Duggal and Amin 1989). The prescriptions of doctors were highly influenced by the pharmaceutical industry. Several studies have shown that 80 per cent of the investigations prescribed by doctors were not really required. Half of the scans done on patients with coronary heart disease were unnecessary. If 99 per cent of the CT scans reported normal, what was the need for them? (Data News Features 2002). In the coastal districts of Andhra Pradesh, caesareans and hysterectomies were on the rise, with unqualified practitioners referring patients to nursing homes for a commission. This 'cut' practice operated in most urban-centred private hospitals (Nandraj 1994). Recent studies of private hospitals in Kolkata and Mumbai (Nandraj *et al* 2000b) confirm the inadequate facilities therein, as well as the frequency of medically unnecessary procedures. The private sector might use more capital-intensive techniques than was required. The fact that CGHS had banned four leading corporate hospitals in Hyderabad in 2004 from its list indicates the severity of the problem.

Bhat (1996) found that regulation of private sector in India was largely ineffective due to totally inadequate capacity for enforcement. State governments, which were legally responsible for licensing and registration, lacked up-to-date figures on both qualified and unqualified practitioners. Registration systems were terribly out-of-date, both in terms of registering new practitioners as well as removing from local lists those who were deceased or who were relocated. A study by Andhra Pradesh Vaidya Vidhana Parishad in Andhra Pradesh (1993) found that the number of beds in private hospitals to be almost double of those officially registered with government authorities (DGHS 1991).

Health Policies and Health Expenditure

Reasons for Mortality Decline: The mortality rates started declining much before the medical interventions and techniques prior to 19th century in Europe. Other sectors (non-health) such as education, water, sanitation, housing, etc., played an important role in improving the health of the people during that period. Broader changes in standards of living and environmental sanitation played an important role (Griffiths 1926). Similar observations were noted for England and Wales for their mortality reduction (McKeown and Record 1962). In these European countries, the incidence of cholera, typhoid, plague, tuberculosis, and measles declined before there were any effective methods of treatment. The improvements in health care were partly due to greater food production and better means of distribution, which resulted in higher levels of nutrition. Late in the nineteenth century further improvements resulted in the wider availability of clean and plentiful water supplies and the construction of efficient systems of sewage disposal (United Nations 1973). Attention has also been drawn to improvement in personal hygiene (Razzell 1974). Differences in health standards cannot be explained by differences in the extent of

provision of more expensive services like doctors or hospitals (Maxwell 1975). The experience shows that inter-sectoral approach played a significant role in the health transition of Western countries.

In contrast to the experience of the West, there has been general agreement that the reduction of mortality in contemporary developing countries has been largely a medical achievement (Arriaga and Davis 1969). But, in some countries, the probable supplementary significance of nutritional and economic changes had also been stressed (Gray 1974). In Sri Lanka, the health improvement could be achieved due to a combination of improvements in health sector and non-health sector – rapid growth of agricultural sector, universal free education and rural housing (Marga Institute 1984). The multi-sectoral approach adopted by China for improving health conditions as well as the emphasis within the health sector on prevention, community mobilisation and finance and on bare-foot doctors was found responsible for health improvement from 1950 to 1982 and drew attention of other countries (World Bank 1984). The “shared growth” model in Taiwan and South Korea aimed at capacity expansion of the people despite low investment of government in primary health care for the poor, and the “welfare state” model in Chile and Costa Rica aimed at publicly funded social services including primary health care during post-1960s gave similar reductions in the risk of early deaths (McGuire 2001).

In India, Krishnan’s (1975) analysis of data for different states for the period 1951-61 shows that the decline in mortality was not due to public health programmes alone, and economic development and social changes particularly literacy had a larger effect. He found that the indirect effects of literacy in reducing mortality seemed to be almost as large as the direct effect of the doctor-population ratio. Demographic Health Survey reports for Bangladesh (1993-94), Indonesia (1994), Pakistan (1990-91) and Philippines (1993) show that women who attended school and those from higher social classes were more likely to use medical services, and had supervised deliveries than less educated, poorer women. Similarly, under five mortality rates were much lower for children of educated (secondary and higher level) women in the above countries (Asian Development Bank).

Health Policies: The main aim of the National Health Policy of India, 1983, was ‘Health for All by the Year 2000 A.D’. The National Health Policy of 2001 emphasised achieving “an acceptable standard of good health amongst the general population of the country”. Both were specified to achieve the goal “through universal provision of comprehensive primary health care services”. The 2001 policy stipulated ensuring more equitable access to health services across the social and geographical expanse of the country. It realised the most cost-effective method of achieving equity was to increase the outlay in primary health sector (from the current level of less than 20 to 55 per cent). The policy should emphasise on an integrated approach of including water and sanitation for controlling diseases such as Malaria, Cholera,

etc. But, in reality, the Health Policy of India 2001 clearly de-linked health from development and promoted health care on the basis of available technologies, not necessarily on the disease profiles of the people (Qadeer 2002). There was no mention of other sectors such as food security, nutrition, drinking water supply, sanitation etc, in the policy document, in spite of the empirical evidence that the extremely insecure and severely insecure states in terms of food had low health indicators (Swaminathan 2001).

Health Expenditure: In India, health is a state subject. However, the central government also spends directly on some vertical programmes and family planning programme. The total outlay in the First Five Year Plan (1951-56) was Rs.1,900 crore, out of which, 3.3 per cent was spent on health and 0.1 per cent on family welfare and the corresponding percentages in the Ninth Five Year Plan were 2.31 and 1.76 respectively. It shows that there has been a reduction of outlay on health and increasing outlay on family planning (Planning Commission).

If the government's intervention emphasises a) correcting failures in health insurance market, it should subsidise hospital care, b) improving health outcomes, it should subsidise prevention and treatment of infectious diseases through primary care, and c) improving equity, it should subsidise rural health. Let us examine where government's health expenditure in India is going. The expenditure on health as a percentage of GDP was 6.7 per cent in India. The share of private health sector in India was 4.7 per cent of the GDP and that of public sector was 1.3 per cent (World Bank, 1993). Of the public expenditure, 71 per cent had been allocated to hospital care (Griffin 1992). In most public systems, resource constraints fell most heavily on non-hospital activities, so was the case in India. Tulsidhar (1993) has estimated that 62 per cent of the health ministry's spending by the Centre and the States went to medical sector during 1986-89. Reddy and Selvaraju (1994) in the longitudinal analysis of the governments' expenditure between 1974-91, found that in the combined expenditure of central, state and union territory governments, the major share (65 per cent) was under 'medical' head, mostly curative, which supported clinical services in hospitals, and about 25 per cent was spent on preventive care. Thus, it indicates that government intervention in India was to correct the failure of health insurance market. Public health interventions were more efficient than medical care spending (Jamison and Mosley 1991), but, the government's expenditure was mostly towards medical, not a cost effective method of spending.

People are not satisfied with the public services in many primary care settings because of absence of drugs, trained staff and limited hours of service. As a result, the demand is: a) shifted to more intensive public delivery settings; b) is shifted to the private sector; and c) remains unsatisfied (Mulou *et al* 1992). A study in India by Prakash (1998) shows that about 40 per cent of the patients attending a general medicine out-patient department in one of Mumbai's largest public teaching

hospitals needed only primary health care indicating that public hospitals that constituted secondary and tertiary level care were both overburdened and under-utilised.

Apart from the above, the polarisation of health between different states and different groups of people in society is striking in India (Kumar and Mukherjee 1993). Health spending in India is higher in richer states and in those states having lower infant mortality rates. Central government allocations are negatively related to state infant mortality rate. The central government's spending is not targeted to the poorest areas and those with the worst health indicators. The share of urban India in total public health expenditure was nearly 2.5 times larger than its share in the population. The sharpest cuts occurred in the expenditure on Malaria, Tuberculosis and leprosy programmes, which mostly struck the poor (Gupta 1995), further aggravating the public health. Lal *et al* (1994) applied CBA to Malaria Control Programme and found that every rupee invested in malaria control had produced a direct return of Rs.22.10. They estimated the labour days saved as 1,329.0 million man-days per year indicating the huge social benefit of controlling Malaria indicating that the social benefits of controlling Malaria were much higher.

Sources of Health Care Financing, Health Outcomes and Equity

There are a number of methods for financing health care services: (1) personal payment (out-of-pocket), (2) voluntary insurance, (3) social insurance, (4) general revenues, (5) charity, (6) industry, and (7) external financing. Around the world, the first four sources, mainly, finance health services and the contribution of the last three are negligible. Of the first four sources, the former two are private and the latter two are public.

Personal Payment (Out-of-pocket, Fee-for-Service Payment): This method provides services through independent practitioners or a group of practitioners—clinics or hospital emergency rooms (e.g., In India, they are called as super speciality clinics or nursing homes or hospitals). Here, the provider's responsibility is directly to the patient. The strengths of this method are that everyone can seek care if they can pay for it, consumers have the freedom of choice of providers and there are incentives to improve the quality by the providers. Though there is out-of-pocket payment in public sector also, but its share is limited to the extent of 10 to 15 per cent of the total (Mahal *et al* 2001). But this method leads to inequity in spatial distribution of services as in India (Chatterjee 1993; Sebastian 2003). Roemer's study has found that 60 per cent of the doctors in Malaysia were engaged in private practice in the country's major cities (Roemer as cited in Sorkin 1976). Musgrove (1986) has examined Peruvian data for 1984 and has shown that the inequality of medical attention, expensive resources, especially doctors, were heavily concentrated in the capital city, Lima.

Even in countries where the general revenues support health services for a majority of the population – as in most Asian and African countries – persons in the middle and upper classes still finance much of their health care through direct payment. In India, private spending contributed 87 per cent according to WHR (2000), and 82 per cent according to World Bank (2001). Out of this private spending, the bulk was from out-of-pocket, estimated at 75.2 per cent by Peter Berman (1996) (These figures have been reproduced from Ellis *et al* 2000), and 84.6 per cent by WHR (2000). Latest estimates from National Accounts Statistics indicate that private expenditure on health care in India was over Rs.1,000 billion and 90 per cent of this was out-of-pocket¹¹ (Duggal 2001). Most payments in private payment were on fee-for-service basis—an inflationary and cost-escalating method that induced oversupply of care (Jimenez 1987). In China, the fee-for-service payment diverted the public health workers to activities for which fee could easily be charged rather than those with the highest priority for public health (World Bank 1997). The alarming increase in caesarean deliveries in Chennai (about 40 per cent against the normal figure of 5 per cent) has been attributed to the above method (Muraleedharan 2000).

Voluntary/Private Insurance: Health systems that rely primarily on private insurance arrangements have the following problems: a) cannot cover the vulnerable sections of the society; b) encourages *cream skimming*, which can result in limited access to health care for certain categories of patients; and c) less successful in cost containment than are those that rely on public financing (Newhouse 1993). Though cost sharing is meant to tackle “moral hazard”, the US data from Rand Health Insurance Experiment (Brook *et al* 1983) show that cost sharing by non-elderly patients reduced the number of medical care visits and this resulted in less favourable clinical outcomes among patients with less income, those with hypertension and those with poor vision. The American system characterised by privately financed care and insurance denied 15 per cent of its population adequate access to care. Similar conclusion was drawn in a review article:

“The United States’ so-called medical care model is not benefiting the majority of the working class and lower middle class (60 per cent of the US population); it benefits only the top 20 per cent as well as the large employers and financial interests that control the system” (Navarro 1999).

Evans (1990) points out that the costs of insurance and administration in 1987 were about 0.6 per cent of GNP in the United States and only 0.1 per cent in Canada. Woolhandlet and Himmelstein (1991) point out that administrative cost was 4 to 6 per cent of total health spending in the United Kingdom, compared to 22 per cent in the United States indicating the wastages in American health care system. Penetration of commercial insurance into health care all over Latin America

weakened the long established government national health services. Thus, there is a need to finance health care through general revenues.

In India, private health insurance is quite insignificant (covers only 1.7 million people accounting for 0.16 per cent of population) and also most of it is for tertiary care. The reimbursement to providers in India is mostly by fee-for-service method and contributes in escalating the cost of medical care¹². The capitation fee method¹³ is quite negligible and found only in Employees Social Insurance Scheme (ESIS) and in some public sector companies. In the public sector, health care is delivered by salaried staff, but inadequate supplies and corruption (private practice and bribes) in it add to the fee-for-service method. The private practice *per se* is not bad but it operates under unrestrained market mechanism, reminding the government's role to regulate it more stringently.

Social Insurance: Risk pooling is the main aim of all insurances. But what is good about social insurance is ensuring an adequate coverage based on ability to pay and not according to pay. Thus, it ensures equity, finance and access. A social insurance or security system involves the imposition of special taxes on workers and employers exclusively for the benefit of workers and their families. The quality of services provided in social insurance hospitals is better than those at government hospitals. But, the problems with social insurance are high administrative costs, risk of moral hazard, and high-cost care depending on payment mechanism to the providers. Evidence suggests (Misra *et al* 2003) that over the past five years the General Insurance Company's claims in India have been growing at more than 30 per cent per year – which substantially exceeded the growth of public health care spending or individual spending. It seems plausible that this growth in part was due to the moral hazard response to insurance and other reason could be cost escalation which needed to be probed by further analysis. It is estimated that Central Government Health Scheme, Employees State Insurance Scheme and Mediclaim together covered only a small fraction (less than 9 per cent) of the Indian workforce—mostly from the organised sector (Ellis *et al* 2000). In developed countries, where social insurance is a major source of financing, although many employees will be partially covered by their employers and unions (as in Germany, France, Austria and Japan), the unemployed, and retired, the poor rural populations, employers' dependents are not covered who need the provision of health leading to inequity (Chernichovsky 1995).

General Revenues: In every country of the world, general tax revenues are used for financing certain components of medical care. It can meet the objective of equity in finance, based on progressive tax structure. In many countries, financing from this source is predominant. In Canada, Sweden, United Kingdom, Germany, Costa Rica, the major single source of financing is tax revenues or social insurance or a

combination of both. Most of the above countries have public expenditures averaging above 80 per cent of the total health expenditures. Experiences from these countries show that equity in access and health care outcomes are positively correlated, and together, they are directly related to the share of public finance in total health expenditure. China, Malaysia, South Korea and Sri Lanka, with 30 to 60 per cent of total health expenditures coming from public finance, have shown better outcomes (infant mortality) and equity (WHO 1995) than India with a 20 per cent share of public finance (World Bank 1993).

Reforms in Health Care

One of the main aims of reform is about improving management, and achieving better health care. Management can be improved through improved efficiency. This is believed to be achievable through increased competition, cost reduction and government regulations of its delivery by others as opposed to direct delivery by the government. One reason for controlling health spending is that there is strong evidence that more health care spending does not necessarily buy better health (Newhouse 1993).

In response to worsening economic conditions and reduced public finance for health services, most developing countries, since the 1980s, have undertaken health reforms. In many industrialised countries, the major motivation is cost containment or giving society the value for the huge sums of money it spends on health care. There are four unpleasant lessons to be learned at the institutional level if cost containment is to succeed: (1) the government must be given a strong regulatory hand; (2) there must be some amount of universal health care coverage; (3) freedom of choice must be limited; and (4) technology assessment must be superintended by a willingness to apply strict standards of efficacy based on some substantive view of human well-being – and by a willingness to use these standards to reduce or eliminate the use of effective technologies when affordable, not just those that are ineffective or marginally effective (Callahan 1990). In developed countries, some of the above are applicable, whereas in India only the second one is applicable.

For Latin America, reform is a response to the devastating effects that the economic crisis of the 1980s had on public and private spending. For the newly industrialised countries of Asia, where rapid economic growth has created both the need and possibility of extending access to health care, reform is seen as a solution for achieving equity and cost containment (Hsiao 1990).

India introduced economic liberalisation in 1991. Along with other reasons, health care reform was inspired by the 1987 document of the World Bank entitled “Financing Health Services in Developing Countries: An Agenda for Reform”. Further, in India, public health expenditure had declined from 1.3 per cent of GDP in

1990 to 0.9 per cent in 1999. While central budgetary allocation remained stagnant at 1.3 per cent, the states' allocation (which accounted for over 70 per cent of the total health care expenditure of the country (Gupta 1996) fell from 7.0 per cent to 5.5 per cent during the above period. To overcome these problems, India moved towards reforming health sector.

The World Bank, in its 1993 *World Development Report*, spells out the need for reform in health sector in terms of the need to deal with misallocation, inequity, inefficiency and exploding costs. The document provides two specific types of strategies that have been introduced by governments – 1) reform of financing strategies, and 2) reform of public sector organisations. The financing strategies are introduction of user fees and provision of insurance or risk coverage. Through user fees the idea is to shift some of the burden of financing health care from the public sector to the private sector beneficiaries (households). But what user fees did was not shifting the burden of financing but shifting the burden of providing essential services to the poor. Simply they priced them out of medical market. Organisational reforms shifted some decision making from central planning agencies to those in closer touch with local conditions and client needs. This paper deals with the review of available literature on user fees only.

User Charges — Experiences from Other Countries: Introduction of user fees¹⁴ is demand side control measure in regulating unnecessary services. Typically, in economic evaluation, the willingness-to-pay approach is used to justify the introduction of user fee for government health services. The important argument against the willingness-to-pay is that the poor are the hardest hit by user fees. In the absence of market prices, as is typically true in health sector, questions in surveys are increasingly being asked to elicit information about hypothetical willingness-to-pay. Briscoe and de Ferranti (1988) indicate the potential for this approach in the valuation of water projects, but its applicability in health needs to be assessed. Because of consumer ignorance of effectiveness of intervention, inability of people to estimate risks (Weinstein 1989); willingness-to-pay assessments would probably have limited application to health. Also, it is increasingly clear that paying for health services is not the same as ability to pay. Many poor people cannot afford to pay but still do so, at the cost of other essential expenditure for items such as basic nutrition (Ministry of Health and Family Welfare 2001).

The role and effect of user fee for publicly provided health services in developing countries were evolved during the mid 1980s. The early supporters (Akin *et al* 1987) of user fee believed that the fees could be designed to improve efficiency (through appropriate price signals¹⁵), reduce overuse, attain financial sustainability (through significant resource mobilisation), leading to better quality, and equity (through targeted prices and exemptions). It may also serve as a revenue generating mechanism for the government not for improving the resource availability

of the health sector as practised in Ethiopia. Several theoretical arguments have been used to justify the feasibility of these goals. Zero prices hinder a health system from efficiently directing users to places where unit costs for particular services are lowest.

Also user fees are recommended when health expenditure is high or rising quickly to moderate demand and containing costs (Shaw and Griffin 1995). It is believed that user fee will divert some patients from private sector to government sector, as there will be improvement in the quality of services (hypothetical) in the latter. But sometimes, greater privatisation leads to a shift of patients who can pay from public to private sector, leading to further decline in the quality of care in the public sector. Opponents of user fees believe that user fees shift health care costs from the better-off to the sick, thus one has to make a trade-off between raising revenue and maintaining access to care based on need rather than ability to pay. User fee works well if several factors are present: fees can be retained in health facility; the community and managers can decide how fee revenue is spent; patients are charged by-pass-fees when they go straight to secondary providers. Also, providers are made accountable for funds, exemption mechanisms are in place and patients are assisted with ways of financing health care when they are not able to pay at the point of service use.

The World Bank strategy has been powerfully reinforced by the practice of making user fees a condition of loans and aid from international donors, for example, in Kenya and Uganda. In Sub-Saharan Africa, chronic scarcity of resources in the face of old and new challenges such as AIDS forced them to adopt reforms. Even though the external assistance is not substantial in India, it shapes the priorities of health policy to a greater extent¹⁶.

As an instrument for controlling costs by managing demand, user fees had limited success. From several industrialised countries there is evidence that increasing fees did reduce the use of health services, though not necessarily service costs (Fahs 1992, Nolan 1993 and OECD 1994). The experience of some of the countries, which implemented user fees in terms of cost recovery and its impact on quality of services, utilisation and equity (maintaining exemptions), has been given below from which one can draw lessons for India.

Cost Recovery and Equity: In many countries of Africa, user charges were introduced after the launch of Bamako Initiative (BI) in 1987 with a view to mobilising the revenue (Shaw and Griffin 1995). Top down user fee model was introduced through Structural Adjustment Programme; but BI followed a reverse approach, viz., at the primary health centre level. A recent survey of 37 Sub-Saharan African countries shows that 33 had cost recovery programmes or planned to introduce one (Nolan and Turbat 1993).

Some studies from Africa show that revenue from user fees has traditionally covered only 6 - 8 per cent of recurrent expenditure aggregated at the national level even without taking the accounts of the administrative cost of fee collection process (Mwabu 1990). At the health facility level, revenue from user charges as a percentage of total income is way beyond — 6 to 8 per cent, and positively affects the quality of health care being provided. To this limited extent, user fee has achieved its objective. But many empirical studies show that user fees did not add much to the revenue. Cost recovery ratios (fee revenues as percentage of recurrent government expenditures) in 16 African countries from the early to mid-1980s ranged from less than 1 per cent to about 12 per cent, averaging about 5 per cent (Vogel 1991). When the administrative costs of collecting fees from this are taken out, it becomes much less than 5 per cent (Creese 1991).

In Zimbabwe, user charges were introduced in 1992. But the cost recovery level was very poor amounting to only 3.5 per cent. This might be because of low prices, a weak billing and collection system. Another reason is that generally the revenue was not retained by the health sector. This could have demoralised the health personnel to collect the fees. Fee revenues were not used to improve the quality but only to sustain the service reflecting the decline in the utilisation of health care by 50 per cent, mainly the poor people in rural areas and other vulnerable sections of the society (Mills *et al* 2001). User charges were high in China and cost recovery was also high in China (around 36 per cent) (Creese 1997). There is evidence to show that the higher the share of user charges in the total mix of financing for health, the greater the relative share of the financing burdens falling on poor people (van Doorslaer *et al* 1993).

Exemptions: In the Sine Saloum Rural Health Project in Senegal, exemptions were allowed at the discretion of the health worker (Stinson 1982). In an attempt to reach the individual poor with health care, the government of Thailand exempted poor people from payment of fees. But the geographical distribution of the free medical care budget was not in accordance with the geographical distribution of the poor and as such defeating the objective of the system (Mills 1991). Litvack and Bodart (1993) point out that lack of effective exemption mechanism even in a well-organised system of user fees collection resulted in reduced access to poor.

In Ghana, PNDC Law 207 (1988) regulation specifies that the outpatient consultancy fees increase from rural health centre to district to regional and to teaching hospital. There are total exemptions for TB and leprosy and only cost of drugs are charged for other communicable diseases such as meningitis, tetanus, hepatitis B, etc. An evaluation study in 25 institutions (Ghana Statistical Service, 1995) in Volta region of Ghana noted that the exemptions for poor were not working due to lack of proper definition of poor people, insufficient copies of policy documents for consultations and failure of the reimbursement of the total amount

spent. Among the total 1,894 exemptions, 52 per cent were for health staff and only 16 per cent were for paupers. Analysis by Creese and Kutzin (1995) concludes that user fees can be costly to implement and income-based exemptions in particular have widely proved difficult to manage.

An evaluation study in one of the regions of Ghana viz., Brong Ahapo (Coleman 1997), concludes that government institutions were no longer complying with the Hospital Fees Regulation of 1985. Fees charged were way above the standard levels. Exemptions and waivers were totally disregarded. It also found that the reasons for this were (1) lack of knowledge by service providers about the fees structures; (2) revenue generation had become the key objective of user charges, leading to inequitable and undesirable considerations of user fees, thus ignoring other objectives of cost containment; (3) lack of awareness among public about waivers; and (4) no penalties to the health facilities for not complying with the law. It also found that wherever exemptions were granted, the institutions did not have the records of the amount of money not collected from the patients. It is, therefore, difficult to believe that exemptions were actually granted.

Another study by Nyongator and Kutzin (1999) in Volta region of Ghana also came out with similar conclusions. Official exemptions were largely non-functional, difficult to maintain, might be because of free-rider problem. Frequently, the poor were unable to benefit from exemptions, while non-poor persons (e.g., civil servants) could do (Gilson *et al* 1997).

Tanzania Human Resources Development (HRDS) of 1994 used by Social Sector Review of the World Bank (1996) reports “people were alienated by poor services, especially shortage of drugs caused partly by mismanagement and scarcity of funds”. Health workers used to supplement their wages through drug sales. Without reforms in management, patients would continue to get poor services. The Gender Networking Project in Tanzania (1997) states “pregnant women and rural poor are unable to access crucial medical services”, although these groups were supposedly exempted to pay user fees. Fees were imposed for AIDS, mental illness and other diseases. There is evidence to show that the increases in maternal mortality (C Hongoro, S K Chandiwana, unpublished report) and in the incidence of communicable diseases such as diphtheria and tuberculosis have been attributed to user fees (International Child Development Centre 1993).

User Fees and Utilisation of Services: As an instrument for controlling costs by managing demand, the user fees had limited success. From several industrialised countries there is evidence that increasing user fees did reduce the use of health services, though not necessarily service costs (Fahs 1992, Nolan 1993 and OECD 1994).

Changes in the utilisation of services by the poor depend on their perception about increase in the quality of services relative to the increase in user fees. When

there was improvement in the quality of services, utilisation had increased. Sierra Leone in 1989 was one of the poorest countries in Africa characterised by a decade of declining producer prices, high inflation and internal corruption. People responded positively to Bamako Initiative drug supplies and the presence of better-trained paramedical staff, resulting in increased utilisation of PHC services.

The beneficial effects of user fee on equity were challenged (Gilson 1988 and Creese 1991). A cross-sectional analysis of household survey data from two developing countries shows that utilisation by poorer persons was reduced to a greater extent than that by the rest of the population (Gertler and van der Gaag 1990).

Recognisable improvement in the quality is also essential for the political acceptability of fee increases, as revealed by Kenya's experience (Collins *et al* 1996). There was evidence from Cameroon (Livack and Bodart 1993) that despite fee increase, utilisation by poor increased because of increase in the quality of services. The studies conducted in Ghana (1989), Peru (1987), Swaziland (1990) and Zaire region (1989) reveals that user fees decreased the service utility and mostly poorer population. In Swaziland most affected were poor, those who needed multiple visits. People felt that ailments were not serious to justify the costs. It was found that attendance for sexually transmitted diseases dropped (as cited in Bir 2000).

But many empirical studies concluded that there were difficulties in initiating and sustaining quality improvements. A study in Burkina Faso (Sauerborn *et al* 1994) analyses the elasticity of demand by age and income subgroups and concludes that increase in price resulted in decrease in access to those at higher risk of ill health and death, the young and the poor, who were pushed out of the system. Gertler and Hammer 1997 review many studies which used cross-sectional household surveys to estimate the price elasticity of demand for outpatient services. A few early studies using questionable data found completely inelastic demand – prices had no effect on utilisation. Most studies have found that higher prices were associated with lower utilisation, but that overall own price elasticities were low well below unity. Further, they reveal that price sensitivity differed by economic and demographic group. The poor appeared to be more price sensitive than the rich and children's utilisation seemed to be more price sensitive than adults.

Gertler and Molyneaux (1996) estimate the price elasticity for outpatient services in Indonesia using longitudinal panel data in which public sector user fees varied experimentally. It was found that with increase in price there was a significantly lower utilisation in both rural and urban areas, more so in urban areas, where there were more private-provider alternatives.

Two longitudinal studies from Kenya (Collins *et al* 1996) and Ghana (Waddington and Enyimayew 1990) find that the 1985 increase in user fees resulted in sharp and significant reduction in the utilisation of curative and ambulatory care immediately, but rose again to near previous levels. The time required for recovering

and the residual decrease in utilisation depended mainly on the rate of increase in fees, on the degree of quality improvement that was introduced, and the availability of alternative sources of care.

A review of user fees and other determinants on utilisation of health services (formal and informal health sectors) in Africa (Hutton 2002), indicates that if there were no other changes, the introduction of user fees reduced utilisation, particularly from poorer households. On the whole, the African example shows that user fees were not for accumulation of capital and it did not increase the efficiency of health care in several African countries. In China, user fees for some public health services, such as immunisation, resulted in limiting the demand for them, particularly among the poor (World Bank 1997).

At the level of health facility, user fees increased the non-salary component (Parker and Knippenberg 1991; McPake *et al* 1992; Bennett and Banda 1994). Where such inputs were severely under funded (Kutzin 1995; Creese and Kutzin 1997), even a small amount of funding for non-salary inputs might have greater impact on productivity than implied by cost recovery 'averages'.

Untreated morbidity is dangerous because it involves huge social costs due to externality in health sector. TB is a leading cause of mortality in China. The introduction of user charges has led to untreated TB (World Bank 1993).

Indian Context: In India, the Working Group Report on Health Financing and Management for the Eighth five-year Plan (1990-95) recommended that the government might give a large subsidy to health care services. User fees should be introduced but the payment should be graded — poor people must get the health services totally free of cost. The graded user charges should be linked with equity and efficiency. In the Ninth five-year Plan (1997-2002), the Government of India clearly put forward user charge as a strategic decision. The main assumption for the success of the user fees model is that a majority of the users are part of the publicly funded system. But it is far from this in the case of India.

In India, the government policies on cost recovery vary by State, although it is safe to say that only a small percentage of costs are recovered through fees. A study from Maharashtra (Satia and Deodhar 1993) has found that exemptions from charges in public hospitals and dispensaries were clearly set down by regulation for those with income of less than Rs.180 per month in urban and Rs.150 in rural areas. Civil servants and their families, medical and nursing staff and medical students were exempted from paying. No fees were to be charged for immunisation and most maternal and child health services. Despite the completeness of the scheme, hospitals collected less than 1 per cent of costs in 1984-85. The reason was — the system depended on self-declaration of income, and almost everyone declared that they earned less than Rs 180. For 15 major states in India the average cost recovery was about 3.8 per cent. It was highest in Punjab at 7.7 per cent and lowest in

Rajasthan at 2.8 per cent (World Bank 1997). The cost recovery in Andhra Pradesh, on an average was 2.7 per cent (Andhra Pradesh: Agenda for Economic Reforms 1997).

A review of user fees in Gujarat, Madhya Pradesh, Rajasthan, and West Bengal (Bhat 2000) shows that it contributed below 2 per cent to hospital budgets. The impact of user fees on utilisation, especially by the poor, is not known clearly in India, but the experience from other countries shows that user fee can be highly regressive (Reddy and Vaudomoortele 1996).

A study by Deolalikar and Vashishtha in 1992 reveals that price elasticity of demand for primary health care services was virtually zero, implying that an increase in user cost would not adversely affect the demand for such services. However, one has to be careful in drawing such conclusions because the elasticity of demand has many components such as treatment cost, and time cost and opportunity cost of time.

Kerala introduced user charges in government hospitals including five medical colleges. The government of Kerala was unable to increase the user charges by even a minimum of 10 to 20 per cent of the rate, which existed in 1994. The fee hike was widely opposed by the public, various political parties and social organisations. The protests over hike in hospital charges in Kozhikode and other places show that sections of the people who are availing medical services almost free are not going to tolerate the changes. As a result the government has rolled back the hospital fee hike recently. If such is the plight of Kerala state, one can imagine the fate of other states.

User charges were introduced in all government hospitals at the district level in Karnataka from March 1988. Greencard holders and people with an income limit of Rs. 11,850 per year (accepted norm under Jawahar Razgar Yojana) were exempted. In 1995, the government constituted District-level Health Committees, which were made responsible for collecting user charges. The user charges are used for improving the quality of health care such as buying drugs, repair and maintenance of equipment, ambulance, supply of water and sanitation. Evaluation studies are needed to examine the achievement of objectives of user fees.

A major study on user charges in Chamoli district in Uttaranchal, Indore in Madhya Pradesh, Jamnagar in Gujarat, Ramanthapuram in Tamil Nadu, Guwahati in Assam was conducted by Sharma (2001). The study was based on community-based responses from 4,000 households interviewed on their willingness and economic capacity to pay user charges for health care provided in government facilities. Except in Ramanthapuram district, a majority of the respondents were willing to pay irrespective of their socio-demographic background. But, the respondents expected quality, accessibility, and availability of doctors and the health staff and also 96 per cent of them felt that poor should be exempted from paying user charges.

In Rajasthan, a Medical Relief Society was formed in 1995 in all government hospitals with more than 100 beds. The sources of funds for this society were from seed money by the State Government. The societies were given powers to transfer operational control of diagnostic machines and authorised to levy user charges and retain income from auction of other support services. They were authorised to accept grants and donations and loans. User charges were collected in the order of Rs.2 for out-patients, Rs.5 for in-patients, and Rs.10 for in-patients referred by private practitioners, Rs.2 for visitors and Rs.100-600 for bed charges for Private Cabins/Cubical/Cottage Wards. Charges were exempted for families living below the poverty line, widows, freedom fighters, destitute, citizens over 70 years and retired government servants. The average cost recovery was 10 to 15 per cent of the hospital budget in Rajasthan. Funds were used for the maintenance of buildings, repairs of equipment, purchase of new equipment, improving sanitation and cleanliness and for free medicines for below poverty level families. There was improvement in the quality and utilisation of services. 73 per cent of the users had positive perception, 22 per cent of the users were indifferent and 74 per cent of the doctors expressed increase in hospitalisation. It indicates that wherever user fees were used for improving the quality of the care, there was positive impact on the utilisation of the care.

Conclusions

No country in the world has completely free market in health care because of fundamental market failures in this area. Also, due to market failure in health insurance, the role of pharmaceuticals and social welfare loss, health care needs government intervention in its financing and provision. The experience shows that inter-sectoral approach played a significant role in the health transition of Western countries as it happened before the medical revolution. The experience from developing countries, especially Sri Lanka and China, shows that health outcomes are better when health policy is viewed as an integration of health and non-health sectors (holistic approach), rather than health sector alone. India followed basic needs approach in the development of infrastructure for health services and providing the same. In India, health policy is not integrated to overall development of the country, thus resulting in poorer health outcomes. Inter-sectoral approach to health is important for India because it is characterised with high malnutrition which can be reduced with better food supply, high incidence of communicable diseases which can be avoided with better water and sanitation facilities and high infant mortality which can be reduced with overall socio-economic development.

The major health related problems in India are high malnutrition, poverty, illiteracy and poor water quality and poor sanitation. The health status problems in India are high infant and maternal mortality which are as a result of a wide range of

disease morbidity. India has the double burden of both communicable and chronic diseases. The population in older age is increasing, leading to high demand on public health services. India spends 6 per cent of GDP on health, of which 4.7 is from private sources and only 1.3 from public sources amounting to only 20 per cent of health expenditure and hence, has shown poor health outcomes and inequity. Countries with a larger share of public health expenditure have shown better outcomes and equity than India (World Bank 1995). It notes that out of this public expenditure in India, 65 per cent was spent on medical sector – an inefficient way of spending resulting in poor health outcomes. To achieve better outcomes and equity, the government must intervene in subsidising prevention and treatment of communicable diseases and subsidising rural health and not to subsidise medical (mostly hospital) sector.

Utilisation of health services from NSS 52nd round reveal that for in-patients, among the lowest 20 per cent fractile group (based on monthly per capita expenditure), about 60 per cent used public sector facilities and the corresponding percentage was about 35 per cent for the top 20 per cent fractile group. It also shows that 20 per cent of the people used government sources and 80 per cent used private sources for the out-patient care. Similar findings were observed by NFHS-2 survey also. The reason for this may be that the existing public health infrastructure is far from satisfactory and is of poor quality as is well documented in Draft National Health Policy 2001 itself. This is emphasised by many utilisation studies. With increase in the cost of health services due to various reasons, the poor are going to private sector by selling their meagre assets, or borrowing money from moneylenders or sometimes unable to take treatment due to financial burden, which is dangerous because of externalities. There is evidence (Sen *et al* 2002) for the worsening of class-based inequalities in terms of access to health services for both men and women and more so, for women and also between scheduled castes and scheduled tribes and non-scheduled castes and non-scheduled tribes during 1986-87 to 1995-96.

Given the general economic problems and inequities in terms of health care access between poor and non-poor, rural and urban, men and women, the Government of India initiated economic reforms in 1991. Reforms were introduced in health sector also in mid-1990s. As a result of economic reforms, the share of social sector in the overall outlay of the budget of the country has reduced including health, resulting in cuts in operational expenditure of health sector leading to inefficient public services. Simultaneously, private sector is spearheading its expansion with high service costs. There are no regulations on the quality of health services in the private sector. In such a scenario, the main question is whether the government should shed away its responsibility in terms of finance as well as provision of health services.

The World Bank has advised the governments to follow two measures in health care financing – introduction of user fees and provision of insurance. Also, user fees are recommended when health expenditure is high or rising quickly to moderate demand and containing costs. The main assumption behind user fees to be successful is that majority of the users are part of the publicly funded system. In health care in India, this is far from the case.

The experience of African countries reveals that the cost recovery is not high and the administrative cost of collecting revenue is huge. The exemptions of fees for poor people are difficult to maintain, as there are free-riders. The studies show that there is an increase in infant mortality rates of African countries after the reforms. Also, the maternal mortality and the incidence of communicable diseases and TB are on the rise when a user fee is implemented. User fees lead to further inequity in terms of access to care and result in untreated morbidity. Thus, the user fee did not achieve the objectives for which it was being introduced.

In India, given the political economy and inequity in terms of access and urban bias in the provision of health services, user fees show mixed results. The review of a few studies that are available has shown that cost recovery was low in different States. When it was so low one had to decide whether it was worthwhile to collect the fees because the time and energy spent by the personnel in collecting could be saved for some other fruitful work (opportunity cost of time). The introduction of user fees was successful in Rajasthan where it was retained in the institution and was used to improve the quality of services in terms of providing drugs, maintaining and repairing the equipment. Not many studies have focussed on the change of utilisation of services due to user charges and whether the decline is due to unnecessary need or unable to pay has to be addressed in future studies.

India should also think of containing costs through supply side measures such as fixed budgets, which was successful in Canada, and establish tight control over the acquisition of advanced technologies as done in the US where the hospital has to demonstrate that demand exists, before getting the body scanners. The State should play an active role in strictly implementing regulatory mechanisms for private sector to control the cost of health care and ensure the quality of care rather than evading its Constitutional obligations.

Notes

- ¹. Although private enterprises may have greater incentive to operate more efficiently than their public counterparts, the private systems for health care generate monopolies (even at the level of individual provider), which may prevent economies of scale, and impose high information and transaction costs on the consumers, the insurers, and even care providers. Ultimately, in private and market-based system, these costs can yield less value or output on a market wide basis than in public based systems. In addition,

the free market system may generate more care for cost, but not more health, partly because technical medical advances in particular specialities do not necessarily prolong overall health and quality of life.

2. Sen (1977) defines equity as equal access to equal need.
3. The reason for this can be explained as a large percentage of the outlay of health sector is accounted for by salaries and non-salary components such as medicines, equipment and fuel which are inadequately funded (Duggal 1995). The health indicators are better if the non-salary component in the total health expenditure accounts for 50 per cent or more as in China, Korea and Sri Lanka (Griffin 1992). Whenever there is a mixed public/private system, the private sector provides services which derive more benefits and quick profits such as curative care, surgeries, etc., leaving the unprofitable activities such as immunisation, public health activities to the public sector, thus labelling the latter as more inefficient. But one should not compare the services of private sector with that of public sector, because in the latter, the goals are not clear like that of former. It may not be important for a government department to make profit, provided it performs functions that are essential for the community or for another department. In the case of health care, support is needed by the government because health is essential for overall development.
4. a) There should be numerous producers; b) consumers are fully informed and knowledgeable about the product; c) prevailing distribution of income is fair; d) consumer is sovereign; and e) no externalities.
5. a) Risk and uncertainty of (i) occurrence of illness, (ii) relationship between health improvement after treatment, and (iii) financial costs for treatment. b) Health is a merit want, c) Existence of externalities. d) Licensure and asymmetry of information. e) Certain health activities have public good characteristics [the social benefits are greater than the individual's (private) benefits].
6. Social welfare loss – The insured people need not pay for medical care at the time of treatment, hence, the quantity of health care demanded will be more, thus leading to social welfare loss.
7. Adverse selection, moral hazards of provider and consumer and economies of scale are the reasons for market failure in health insurance.
8. Accompanied with increase in industrialisation, urbanisation and rural to urban migration, there is a shift from joint family set up to nuclear family set up, making the aged population more vulnerable in the absence of social security system.
9. (a) The passage from a predominance of common infections, malnutrition, and reproductive events as leading causes of death to preponderance of non-communicable diseases, injuries, and new infections. (b) A shift in importance from child to adult mortality, especially among the elderly. (c) A relative predominance of morbidity over mortality in defining the overall health picture of the population. (d) A change in the social meaning of disease, which ceases to be an acute event that is resolved when the

patient either is cured or dies, and instead becomes a chronic and often stigmatised condition.

10. This has brought the importance as well as crisis of public health in India.
11. Most of the out-of-pocket expenses are borne by households engaged in low-income informal economic activities.
12. In USA, it encourages providers to increase the number of individual procedures billed for, with significant cost increases resulting from more quantity and intensity of care (Gabel and Redisch 1979).
13. Providers are paid a fixed amount per person covered for a defined set of services over a defined period of time.
14. User charge is the money paid directly by the patient to the health care provider at the time of delivery of services such as fees for service, price for drugs and immunisation, or for injections, diagnostic facility. It is different like other forms of health care financing such as pre-payment schemes and insurance.
15. Price signals from user charges, it is argued, can help restore efficiency in the referral system.
16. External assistance in India is channelled through centrally sponsored programmes for communicable diseases such as AIDS, malaria, tuberculosis and blindness. The funding is in the form of assistance for equipment, drugs, supplies and training. External funding changes the total approach of the programme. For example, the revised National Tuberculosis Programme supported by the World Bank is called DOTS (Directly Observed Treatment Short course) which is totally away from the earlier National TB programmes, which has been integrated into the general health services as a 'non-vertical' programme. AIDS is also not a leading cause of mortality in India, but lot of funds is pumped into this programme. At present, 65.63 per cent of the external funding is spent for family welfare in the form of construction of infrastructure buildings, mainly sub-centres, whereas the real problems, as observed by many studies (Sandhya 1993) and even acknowledged by Draft National Population Policy 2001, at the sub-centre level are unsuitable timings of health workers, lack of drugs, non-availability of health workers for all days.

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Review Articles

Perspectives on Dalit Problems and Solutions

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Introduction

The cauldron of Indian politics and society is kept forever boiling and our leaders busy stirring it up may not be singing 'Fair is foul and foul is fair' as did the witches in *Macbeth*. But, our leaders do not act any differently either. This makes the behaviour patterns and value systems in Indian politics difficult to assess. But intellectuals believe in consistency and are aghast at the inconsistencies, complications and complexities in Indian politics. The actual situations are hardly consistent with their assumptions and value systems.

We have here four books, reviewed together in this article, which reflect this intellectual dismay and even frustrations of the Dalit intellectuals and leaders with the prevalent Dalit situations and movements. They represent honest attempts at understanding the Dalit problems and even suggest solutions, both of which need to be debated and discussed.

Being a non-Dalit social scientist, it was with some trepidation that I took up the task of this review article at the request of my good friend and colleague – G K Karanth, himself a serious scholar on Dalit problems. Since an invitation from him reflected his faith in my objectivity as well as my concern for the Dalit cause, I had to accept it. Besides, I have been deeply interested in these issues. I consoled myself with the thought that any belief that only a Dalit should write on Dalit issues will itself amount to some sort of untouchability and casteism. Can we say that only a Brahman should write on Brahmans, or only a Muslim should write on Muslims?

Of the four books being reviewed here two are strongly academic in nature, presenting rigorous analysis and discussion. One is jointly by Fernando Franco, Jyotsna Macwan and Suguna Ramanathan – *Journeys to Freedom: Dalit Narratives* (2004), based on Dalit narratives in response to interviews by the authors. The narratives are eloquent and perceptive, which are, in turn, presented with authors' comments and analysis. Though the narratives are from Gujarat, the situation and problems they depict have a wider applicability. They not only bring out Dalits' pain and anguish, but also reflect the determination to come out of their situation and of their indomitable courage. The second is a collection of ably written articles edited by Anand Teltumbde - *Hindutva and Dalits: Perspectives for Understanding*

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Communal Praxis (2005). It is focused on the problems of why Dalits acted as foot-soldiers in the post-Godhra carnage against Muslims in Gujarat in 2002, in spite of Dalits being at the receiving end of injustice meted out by Hindutva/Hinduism. This paradox is only a tip of the iceberg of Dalit situation and problems full of complexities which need understanding. The book is aimed at providing such an understanding.

Thirumaavalavan's book – *Uproot Hindutva: The Fiery Voice of the Liberation Panthers* (2004) is a collection of speeches by the author, who is the head of Liberation Panthers (Viduthalai Chiruteval) in Tamil Nadu, translated from Tamil by Meena Kandasamy. Most speeches were made at mammoth rallies of Dalits to protest against atrocities on them and asserting their human rights. A welcome feature of the book is that incidents and atrocities referred to in the speeches are documented in notes at the end of respective articles. The book is thus useful to scholars on Dalit studies.

Kancha Ilaiah's book – *Buffalo Nationalism: A Critique of Spiritual Fascism* (2004) is again a collection of popular articles by the author, presented with an Introduction which imparts cohesion to the collection. His 'Buffalo Nationalism' is a metaphor for subaltern or non-upper caste nationalism as distinguished from 'cow-nationalism' of the upper caste Hindus. Though (presumably) according to the author, buffalos' contribution to the Indian economy is greater than that of the cow (-and-bullocks?), its value is underrated because of its black and rather uncouth features, compared to that of the cow. He uses the metaphor to depict the irony of lower castes and Dalits whose contribution to the economy in terms of productivity is much more than that of upper castes, but which is nevertheless undervalued. More than finding out whose contribution to the economy is more important (which can be disputed), the basic issue - at least as far as the human beings are concerned – is one of assuring equal human rights to all and equal access to economic, social and political opportunities (which cannot be disputed).

All the four books are unanimous in their attack on Hinduism/Hindutva, as the major reason for the deprivation of Dalits and for their being cheated of their rightful place in the Indian society and economy. Though some contributors are explicit about the difference between Hinduism and Hindutva, many find it politically convenient to confuse the two terms or do not find much use in making a distinction between them. According to them, it is Hinduism which is responsible for the pernicious caste system and inequality in Indian society, and Hindutva – though apparently against religious minorities (particularly Muslims) and disowns casteism and untouchability - is actually a strategy to preserve the upper caste dominance.

This is the substance of all the four books, although there are several other issues that are in common among them. I have organised this essay focusing on some such issues. In the following section, I discuss the present situation in

which Dalits find themselves as depicted by the authors, along with my own observations on the situation. The third section addresses the causes or factors responsible for such a situation. The fourth and concluding section takes up the paradox of forces of Hindutva co-opting Dalits in their conflicts with religious minorities (particularly Muslims). I also take up in this section the discussion on journeys to freedom from the dismal situation as depicted by the authors of these books. I shall discuss these two together in the concluding section, in which I would also like to make a few suggestions for the future.

Dalits and Their Situation

It should be useful to start with a statement of who constitute Dalits, what is their population in relation to the total population of India, and how they are located. There is a general consensus about calling the Scheduled Caste (SC) and Scheduled Tribe (ST) population together as Dalits – literally, the oppressed or down-trodden. Mahatma Gandhi called them, particularly the SCs as Harijans (people of God) – a term which was not accepted by them as having a patronising flavour. While SCs were treated as untouchables by the Hindu society in the past, STs were not. Though both these groups were economically exploited, the former were more subject to it than the latter. The economic and social backwardness of the STs was more due to their geographical isolation as they mostly lived in and depended on forests, but in so far as they interacted with the mainstream economy through the sale of either forest produce or their own labour, they were also exploited by the mainstream society.

While the SCs constituted 16.2 per cent of the total population of India, the STs accounted for only 8.2 per cent in 2001 (see, Table below). The SCs are found almost all over India, except in Nagaland, Mizoram, Lakshadweep, and Andaman & Nicobar Islands. They are in negligible number (and proportion) in Arunachal Pradesh, Manipur, Meghalaya, Daman & Diu, Dadra & Nagarhaveli and Goa. These, so to say, are peripheral areas of India. It is in the main body of India that they are found scattered, but rather thinly so. They are not concentrated in any one region or state. It is in Punjab that they are in highest proportion (28.9 per cent), followed by Himachal Pradesh (24.7 per cent), West Bengal (23 per cent), and Uttar Pradesh (21.1 per cent). In all other states, they account for less than 20 per cent of the population. This scattering poses a challenge to mobilising them into a united organised struggle, but they have at least moderately succeeded in it in spite of this challenge. Their spread over all of India also means that they have a great stake in the unity and integrity of the country.

In contrast to SCs, STs show some extent of localisation, particularly in and around forest areas. They have hardly any presence in Punjab, Chandigarh, Haryana, Delhi and Pondicherry and constitute a negligible proportion in Uttar

Pradesh, Daman & Diu, and Goa. They have a conspicuously high presence in Lakshadweep (94.5 per cent), Mizoram (94.5 per cent), Nagaland (89.1 per cent), Meghalaya (85.9 per cent), Arunachal Pradesh (64.2 per cent) and Dadra & Nagarhaveli (62.2 per cent). In these states, the STs are in a dominant position which is reflected in political terms too. Even if their proportion is less than 50 per cent of the total population in other states, they have a high population in absolute terms in several states: Madhya Pradesh (12.2 million, 20.3 per cent of state population), Maharashtra (8.6 million, 8.9 per cent), Orissa (7.1 million, 12.6 per cent), Chhattisgarh (6.6 million, 31.8 per cent) and Andhra Pradesh (5.0 million, 6.6 per cent).

On the whole, SCs are less urbanised and literate than the general population, and STs less so than the SCs (see, Table). This is so in the case of female literacy too. The disparity between the general population and Dalits in respect of literacy was wider still in the past. This disparity has slowly narrowed down, but has not disappeared. In Jammu & Kashmir and Gujarat, however, the literacy rates among SCs are now higher than in the general population. The literacy rates of SCs are much higher than their national average (54.7 per cent) in the states of Kerala (82.7 per cent), Tripura (74.7 per cent), Manipur (72.3 per cent), Maharashtra (71.9 per cent), Goa (71.9 per cent), Delhi (70.8 per cent), Gujarat (70.5 per cent) and also a few more. The literacy rates among SCs are lowest in Bihar (28.5 per cent), Jharkhand (37.6 per cent) and Uttar Pradesh (46.3 per cent).

Mizoram is the only state where the literacy rate among STs (89.3 per cent) is even higher than that in the total state population (88.8 per cent). The literacy rates among STs are higher than their national average (47.1 per cent) in the states of Mizoram which has the highest rate 89.3 per cent, followed by Lakshadweep (86.1 per cent), Sikkim (67.1 per cent), Nagaland and Manipur (each 65.9 per cent). Bihar again has the dubious distinction of having the lowest literacy rate among STs also (28.2 per cent), next being Uttar Pradesh (35.1 per cent) and Andhra Pradesh (37.0 per cent).

Though STs on the whole are less literate, they treat their women better than the general population and SCs. This is reflected in better sex-ratio among them (978). The sex ratio among even the SCs is slightly better at 936 than among the general population (933). The sex ratio was higher than 1,000 for STs in the state of Dadra & Nagarhaveli (1028), Kerala (1021), Chhattisgarh (1,013), Arunachal Pradesh, Orissa and Lakshadweep (each with 1,003).

The bulk of workers among Dalits is in primary occupations – agriculture, forestry, fishing and mining. This is so particularly in the case of STs. But there is a qualitative difference between SCs and STs here. The proportion of cultivators is higher and that of agricultural labourers is significantly lower among STs than among SCs. While STs are relatively more independent, proletarianisation is higher

among SCs than STs (see Table, and also Nadkarni 1997, for details of earlier years). The proportion of workers engaged in the service sector is growing faster among SCs than among STs.

Table: A Demographic Profile of SCs and STs – All India 2001

	General (Total) Population	SCs	STs
1. Population in million	1,028.7	166.6	84.3
2. Proportion (%) in Total population	100.0	16.2	8.2
3. Proportion (%) of Urban population	27.8	20.0	8.3
4. Literacy Rate (%) (age + 7)			
Total Persons	64.8	54.7	47.1
Female only	53.7	41.9	34.8
5. Sex Ratio (Females per 1,000 Males)	933	936	978
6. Cultivators as % of Total Workers	31.7	20.0	44.7
7. Agricultural Labourers as % of Total workers	26.5	45.6	36.9

Source: Census of India 2001 – Population Profiles (India, States and Union Territories) – Total Population and Scheduled Castes and Scheduled Tribes Population. New Delhi: Office of the Registrar General, India.

The proportion of people below the poverty line among Dalits is more than that in the general population, particularly among STs¹. The bulk of India's poor are to be found among Dalits, though other communities especially Other Backward Castes (OBCs) who traditionally belonged to the Shudra caste also have a higher proportion of poor than the general population. STs seem to be the most vulnerable of all. Hundreds of starvation deaths are reported in almost every drought, and malnutrition deaths among their children continue to take place even in normal times. Though such reports come usually from Orissa, recently the news of malnutrition deaths among tribal children came from Maharashtra also. The situation is not so bleak either among the SCs or OBCs.

Apart from the economic and social differences between SCs and STs pointed out above, there are significant differences among SCs themselves. There has been a 'ritual' hierarchy among SCs, which is absent among STs. There has traditionally been an occupational differentiation among SCs, a large part of whom were not attached to any specific occupation as such but took to agricultural labour as their major occupation in general. They constituted the uppermost crust of SC population and they looked down upon other SCs depending on 'unclean'

occupations such as skinning the dead animals and tanning, leather work and scavenging. The books reviewed here frankly admit this fact and condemn untouchability practised by the high-caste SCs against low-caste SCs. In Karnataka, the high-caste SCs are known as Right-hand SCs and the low-caste as Left-hand SCs. In AP, the Malas have a higher status than Madigas. In Maharashtra, the Mahars have a higher status than Chamars and Bhangis. In Gujarat, 'Chamars considered themselves higher than the Bhangis; the Vankars considered themselves superior to the Chamars' (Franco *et al* 2004: 122). When the social reform movements started, it is the upper castes among SCs who participated and benefited from them most. It is these castes which were covered by the Ambedkarite movement. It is again these castes which benefited most from the reservations in educational institutions and government jobs. The low-caste SCs, by and large, stuck to their traditional occupations, and showed much less social mobility than the upper castes among SCs. This was not necessarily due to inaptitude on the part of the former for upward mobility. An extreme case is narrated by Martin Macwan. It is the story of a lawyer born in the lowest caste of Bhangis who gets clients only from his own sub-caste, and is often without work. On the days when he gets no cases, he goes with his bicycle and broom to clean toilets in Sanand town, only 20 kms from Ahmedabad (Franco *et al* 2004: 325). Conversions to other faiths are another source of conflicted identity. Ironically, the converts consider themselves superior in status to the non-converted, though others in the newly adopted faiths like Islam and Christianity consider the converted Dalits as inferior, with separate seating arrangements in places of worship, sometimes separate places of worship altogether, and even separate burial grounds.

The serious differences between SCs and STs, and also among SCs themselves, create equally serious difficulties in the formation of their identity as Dalits. While on some occasions, they come together, they are equally conscious of their own separate identities. Among the low caste SCs, there is now an increasing demand for separate reservation of quotas in educational institutions and government jobs as they fear that all the reserved quotas are occupied by the higher castes among SCs.

While hierarchy among SCs is one difficulty in the formation of Dalit identity, another difficulty is posed by the elite among SCs who have had the benefit of education and good jobs, but like to identify themselves with and merge into the mainstream. The social distance between them and other SCs who are still left behind is actually much more than that between the upper castes and Dalit elites. Yet, the Dalit elite focus on their own grievances against the upper castes and do not show much enthusiasm in taking up issues affecting the less privileged among Dalits. The books reviewed here regret the indifference shown by the Dalit elite towards the lot of their brethren who are left behind in the society and economy,

and call upon them not to forget the sacrifices which Dalits had to make in the past for better access to social, economic and political opportunities, which have benefited today's Dalit elite.

In spite of these two difficulties, there is still a strong scope for the continuation of Dalit identity and a united struggle of Dalits against oppression and discrimination. Apart from the significantly higher proportion of poverty among Dalits, the scope for such united struggles rests on continuing atrocities against Dalits, especially in villages. Incidents of assaults, lynching, rape and arson continue to be heard and reported from different parts of the country. Even to this day, the dominant landowning castes in villages do not tolerate Dalit labourers sporting a moustache, wearing a decent dress, and even using footwear in their presence. Thirumaavalavan's book is full of such cases. The books reviewed here, however, are aware that often the atrocities are due to resistance of Dalits against discrimination and exploitation by farming communities, who are mostly from OBCs. Where farming communities are from upper castes, such as Rajputs, they are also reported to have indulged in atrocities. Dalits are yet to gain equal access even to places of worship and burial grounds, let alone economic and educational opportunities. Even while being proud of ushering in 6 to 7 per cent growth rates under capitalist development, we are yet to get rid of brutalities of the old feudal order in our villages. We are providing fertile ground for Naxalites even when trying to ban and eradicate them.

Thirumaavalavan insists that the Dalit situation of discrimination should not be seen only as a Dalit problem. It is a problem of the depravity of the whole society. He bemoans the fact that 'the issue of communalism is not sidetracked as the problem of the Muslims. But casteism is sidelined as the problem of Dalits' (2004 :27). It is not just the problem of poverty and of a people lagging behind in the economic competition. It is as if the whole Indian society and polity is ranged against Dalits, which may get reflected in the economy too. The Dalit leaders thus see the problem primarily as one in the sphere of society and polity, and only secondarily in the economy.

Seeing this way, Dalit leaders sharply criticised the stand of Government of India which opposed the move to get caste included in the agenda of the United Nations Conference on Racism, Racial Discrimination, Xenophobia and Related Forms of Intolerance held in Durban in 2001 (Franco *et al* 2004: 322-31). Dalit leaders felt that making a difference between caste and race was semantic hair-splitting and amounted to avoiding acknowledgement of the problem. In both cases, a violation of human rights is involved, they felt. The official stand of the government seems, however, to have rested on the following grounds. There is no racial difference between Dalits and non-Dalits, and no colour difference. In the absence of a visible physical difference in physical features, caste discrimination against any particular person is not possible unless the discriminator has *a priori*

knowledge of the person's caste background and unless a person's surname takes the name of his or her sub-caste. The Dalits can easily blend into the mainstream at least in urban areas, the difference being mainly on economic grounds. However, poverty and economic deprivation are not problems exclusive to Dalits, and is shared by non-Dalits too. Secondly, the Government and also the Constitution of India are uncompromisingly opposed to casteism, untouchability and their practice. This is reflected first in the affirmative action in the form of reservation of seats in educational institutions and government jobs (to the extent of 15 per cent for SCs, 3 per cent for STs, and 32 per cent for OBCs). The reservation does not bar the beneficiaries from competing in the general merit pool. Those Dalits who get into this general merit pool are not counted as part of the reservation quota. No other country in the world has affirmative action in the form of reserved quota on such a wide scale and for such a long time as India. The concern against casteism is also reflected in the legislation that punishes the practice of casteism. Untouchability is abolished by law, any act of referring to a person's low caste status and any discrimination on that basis attracts stringent punishment.

One may complain of a gap between law and its implementation in any society, but it is to be noted that it is because of these constitutional provisions, hundreds of thousands of educated Dalits have come into the mainstream of Indian society, which is fast getting broad-based (Nadkarni 1997). The emergence of a sizeable, politically conscious, middle class among Dalits is a significant positive development during the last fifty years. As a result of this process, a conspicuous body of Dalit intellectuals, scientists, political leaders, bureaucracy has been formed. Dalit literature written by Dalits themselves has occupied a place of pride in India at least since three decades.

Economic development and urbanisation have also helped, though these processes have been slower than expected. As observed above, urbanisation has been slower among Dalits than in the general population. Nevertheless, these processes have shown their potential for considerably reducing if not totally abolishing caste system and untouchability. Dalits can easily mix with the general population in towns and cities without fear of discrimination. Technological change has also helped by reducing the necessity of manually handling wastes and doing what were considered as unclean jobs. The necessity of manually handling human waste and carrying it is avoided in flush toilets that are in vogue in all cities if not in small towns. The government has schemes to totally eliminate this practice, and rehabilitate those displaced. The social and economic conditions which made for the emergence of caste system based on hereditary division of labour, have long ceased to exist. The ritual and functional significance of caste has thus broken down completely. But, Dalits are yet to get full relief from their earlier status. Most of the poor Dalits who have migrated to cities stay in slums. In most of the villages,

SCs are still segregated in *cheris*, which are attacked when there is tension between Dalits and non-Dalits. Though the relative position of Dalits is slowly improving, the problems have not disappeared. Politically conscious as they are, and aware of their rights, Dalits do not have the patience to indefinitely wait for the redress of their grievances.

Factors Behind the Dalit Situation

We need a correct diagnosis for curing a person of disease. This applies also where the disease is social. It may be politically fashionable or even convenient to blame Hinduism for all the ills of caste system and untouchability in India, but it needs impassionate probing. We need to consider whether such a diagnosis has helped. As Dr Ambedkar himself printed out, Vedic period of Hinduism did not have caste system, and untouchability appeared long after post-Buddhist period started (Moon 1990 V. 7). Thus, there was a phase in the history of Hindu society when it had neither caste nor untouchability, and we cannot rule out a phase of it which will not have them at all. Citing evidence from Vedas, Upanishads and the Gita, I have argued elsewhere (Nadkarni 2003) that even classical Hinduism did not support caste system and untouchability; on the contrary, there is evidence of classical Hinduism opposing them both in principle and practice. There is a whole Upanishad devoted to attacking the caste system, titled *Vajrasuchika. Manusmriti* has been frequently cited as evidence of the support of Hinduism to caste system. But *Manusmriti* never had the status of *Shruti* (Vedas and Upanishads), and it is agreed by all in Hinduism that where *Shruti* and *Smritis* are in conflict, *Shruti* prevails. Hinduism has no problem in discarding *Smritis*, without affecting itself. *Smritis* were only rules of managing the society which reflected the then existing situation, when the caste system had already emerged. Unfortunatley, they authenticated the system. It is not *Shrutis* which authenticated it but only *Smritis*. Even after the emergence of the caste system, Hindu society still saw considerable occupational and social mobility. Dr Ambedkar himself has given several examples of this mobility during the Vedic and Upanishadic period (see Vol.7 of his collected works edited by Vasant Moon 1990). Ancient India could boast of most renowned poets from Dalit and low caste backgrounds like Valmiki, Vyasa and Kalidasa. Medieval Hinduism came out even more explicitly and strongly to oppose the caste system through Bhakti movements, which had many Sants from Dalit or low caste background. Hinduism created several legends too to impress on the popular mind the invalidity of the caste system. The caste system emerged and survived not because of but in spite of Hinduism, due to factors that ranged from socio-economic to ecological, which helped sustain and preserve balance among communities in a non-modern world. One of the most prominent of them was to derive benefits from division of labour in an agrarian society with labour scarcity. I shall not go into

these factors in this review article here, as I have done it in detail elsewhere (Nadkarni 2003).

It would be equally wrong to blame Brahmans alone for the caste system. The system would not have survived for millennia if it had served the interests of only Brahmans who constituted and still constitute a microscopically small section of the society. Almost every community in India practised it including Muslims, Sikhs and Christians, but excluding Buddhists, Parsees and STs. Not only the upper castes, but also the so-called lower castes – the present OBCs - practised it. While they opposed casteism when it came to opposing upper caste hegemony, they practised it themselves when dealing with Dalits. The Dalits themselves practised it against whom they considered as lower castes among them. All were sinners in this depraved system and there was no basis for a 'holier than thou' attitude on the part of any.

As regards Hindutva, I do not hold any brief for it, but we should understand it correctly. Hindutva is not Hinduism. Hindutva is a political and cultural movement to unite Hindus to defend themselves against presumed aggressive postures from Islam and Christianity, particularly in the form of conversions, and resist discrimination against Hindus by the state while appeasing the minorities. This is not the place to go into the merits and demerits of Hindutva ideology. They may have specific grievances worthy of attention (documented in Elst 2001: 505-83), but the tendency to indulge in lawlessness in attacking minorities has only brought a bad name for Hindutva. Even when provoked, no civilised society can permit indulgence in lawlessness and violence. Its hostile attitude, however, is reserved only for Muslims and Christians, and is not shown to other religions like the Buddhism, Jainism, Sikhism, Zoroastrianism, Judaism and Baha'ism, which also have found a secure home in India. Hindutva ideologues should know that any ideology of hatred is not consistent with Hinduism, because tolerance, liberalism and pluralism constitute the essence of Hinduism. While any hostility in their attitude even to Muslims and Christians needs condemnation, it is not correct to call Hindutva people anti-Dalit in any way. They stand for social reform within Hindu society, and disown caste system, untouchability and discrimination against women. What makes Dalit intellectuals and leaders suspicious of the intentions of Hindutva is its upper caste base. Whatever be its stated ideology, it is feared that the upper caste base of Hindutva forces may ultimately work against Dalits. Aware of this fear, the Hindutva forces have been widening their base significantly during the last two decades. In any case, opposing Hindutva need not lead to opposing Hinduism.

Let us now discuss the real factors which created the Dalit situation prevailing in the modern period of India's history. Though Hinduism has received perhaps the utmost attention as the most important factor behind inequality in the

Indian society, aggravation of caste inequality during the British rule which had nothing to do with Hinduism, has received scant attention. Though the traditional social structure in India was definitely unequal with Dalits being at the lowest end, the system had ensured the survival of all. The survival was ensured not only in normal times but also during famines and other calamities – both personal and collective. The placid equilibrium of survival of all, despite persisting inequality, was rudely disturbed and not only economic and social disparity between castes aggravated but even the survival of millions became a critical problem. There is evidence to show that economic and social disparity between castes aggravated sharply during the British rule. This comes out clearly from Dharampal's research based on a painstaking study of many village documents gathered from several parts of the country, surveys carried out during the British rule, and observation and records of British administrators, travelers and others.

The enhancement of revenue assessment even up to the half of gross agricultural produce broke the back of peasantry and considerably reduced their capacity to pay wages to agricultural labour in several parts of the country like Bengal and Madras Presidency (Dharampal 1987:10). Real wage rates (at constant prices) declined by more than half within 50 to 100 years of the British rule (Dharampal 1987: 27). This affected the consumption of poorer sections of the people considerably, in addition to reducing their economic and social status. The significant enhancement of revenue assessment during the British rule had also another adverse impact. Earlier to the British rule, 'a fairly large proportion of [agricultural] production went towards the maintenance of the social infrastructure and its small and great institutions' (Dharampal 1987: 25), which became unavailable and indigenous infrastructure as well as institutions languished. The inundation of cheaper British manufactured goods in the Indian market, particularly textiles, pushed many artisans to starvation, not to speak of their social and economic status. Creation of Zamindari and other such feudal institutions under which Indian agriculture was forced by the British, also created a class of peasantry who were vulnerable and extremely dependent for their survival and emergency needs on their feudal lords. Social and economic inequality in India thus aggravated as never before, which took place in a social structure marked by caste divisions.

Dharampal observes that on the eve of the British rule, upper castes may have been eating different kinds of foodgrains (like rice) compared to the so-called lower castes, but the total quantity of foodgrains consumed was much the same (Dharampal 1987: 28). Quoting a traveler's account, even the ordinary labourer in places like Agra ate *kichri* (rice and pulses boiled together) with butter daily (Dharampal 1987: 12). The living standards were so similar between classes, that even a perceptive British officer found it difficult to distinguish a noble from his servants (Dharampal 1987: 18). The disparity in consumption standards between castes aggravated sharply after and as a result of the British rule.

Dharampal shows that this was so even in education. Contrary to British opinion and popular impression created by them, the standards as well as the spread of indigenous education system in India were fairly good both among Hindus and Muslims, and compared more than favourably with the education system in Europe (Dharampal 1983). It may look surprising but true that the spread of education even among so-called Shudras and 'other castes' (other than upper castes and Shudras) among Hindus on the eve of British rule was more equitable than at the end of it. Gandhiji observed in 1931 at Chatham House in London, 'India today [1931] is much more illiterate than it was before a fifty or hundred years ago'. Dharampal's research and also the work of scholars like Daulat Ram Gupta and K T Shah strongly supported Gandhiji's observation (Dharampal 1983). British scholars themselves, like G.L. Prendergast, Thomas Munro and G.W. Leitner observed that almost every village in India had at least one school, and major villages had more (Dharampal 1983). William Adam's report in 1835-38 for Bengal Presidency estimated the existence of 100,000 indigenous elementary schools in Bengal Presidency alone at the beginning of the nineteenth century. Adam estimated that there was one village school to every 400 persons or every 73 children of school going age. This compared favourably with any country in the world (Panikkar 1995: 50). Panikkar also observes that these schools – *Pathashalas* as also *Madarasas* – did not cater exclusively to affluent sections or upper castes, but the children of the neighbourhood as a whole were also drawn to them (Panikkar 1995: 49). The data gathered by Dharampal also show that 'Shudras and other castes' and girls were also fairly well represented in the school system then and were not excluded (Dharampal 1983 and 1987: 29-33). The quality of education in the indigenous system was also quite good, according to Dharampal (1983).

When economic conditions deteriorated for artisans and agricultural labour due to reasons stated above, their educational and social status also suffered. A significant number of them became nomadic, going in search of work. This affected their access to education. While some castes adjusted to changed circumstances and took to western education, other castes could not do so. The former became higher and the latter lower than before in the caste hierarchy. Dharampal is emphatic about the relatively superior status of so-called Paraiyahs of south India and Mahars of Maharashtra till about 1800 compared to the period thereafter (1987: 2).

The level of economic development in India and the level of living of the mass of people, were no worse than in England and Europe on the eve of the British rule. Dharampal is not the only scholar to point out these facts. Endemic poverty emerged in India *during* the British rule. Much before him, Dadabai Naoroji in India and William Digby in England had shown how the British policy was responsible for the creation and aggravation of chronic poverty in India (Majumdar Vol.X Part I: 664). The publication of Naoroji's *Poverty and un-British Rule in India* in 1901

influenced generations of Indian freedom fighters and thinkers and exposed the hollowness of British claims to benevolent rule with a civilisational mission.

My intention in discussing the impact of British rule is neither to give any impression that all was rosy before the British came nor to blame the British for all the ills of Indian society, but only to point out that the condition of Shudras and Dalits definitely became far worse during the British rule and because of it. The extreme poverty and deprivation of these lowest castes was the direct result of British rule. It had nothing to do with Hinduism. However, the British rule deserves credit for bringing the notion of equality of all before law into Indian polity, as Jayakumar Anagol has stressed in a private communication. Such a notion did not exist perhaps either during the so-called Hindu period or the Muslim period as far as governance was concerned. Equality before law laid the basis for subsequent democracy and governance according to secular constitution, wherein everybody irrespective of caste, religion and sex could claim equal rights. This helped the Dalits enormously.

Nevertheless, Independent India failed the opportunities of making a serious dent on poverty and caste inequality. This was at a time when the Hindutva forces had hardly made any dent on power politics or electoral politics. The failure was in two major respects – land reforms and universalisation of primary education. Though several rounds of land reforms were initiated from time to time, the major beneficiaries were the middle layers of agrarian structure. They could successfully end the hegemony of upper caste landlords but prevented the benefits of land reforms from going to the real tillers of the soil and agricultural labour most of whom were Dalits. Real tillers became proletarianised and lost whatever tenancy rights they had. The middle layers comprised of what are called OBCs, who became the employers of Dalits. Most of the tension between the ‘Hindus’ and Dalits has to be traced back to this aspect of agrarian relations between cultivators and landless labourers. State governments did make some attempts to transfer land to the landless. But most of these took the form regularisation of encroachments into forests and other common lands, rather than through imposition of ceilings on large holdings and transfer of surplus lands to the landless which the land reforms had provided for. But the encroachments were not by the landless Dalits alone, since large farmers who had political power indulged in it even more.

The second major failure of Independent India which affected Dalits was in universalising primary education. It could not make primary education mandatory for all children and could not even ensure proper infrastructure and regular attendance by teachers in government run schools. This was the reason for slow progress of literacy in India (Anagol 2003). The government had obsession with making India a major pool of scientific and technological skills in the world, to enable the country to catch up with advanced countries, and thus gave priority to

higher education. The net result was that poverty eradication was slow, and Dalits had to wait patiently.

Direct methods of poverty eradication were, therefore, employed like the relief works programmes and public distribution system. But their impact was very limited in the absence of fast economic growth. It was hoped that the Economic Reforms initiated in the early 1990s would accelerate growth and thereby also poverty removal and employment creation. There is evidence that compared to the pre-reform period, the post-reform period did show some acceleration not only in economic growth but also in poverty reduction.² This should have benefited the Dalits too, because the bulk of the poor are Dalits. But the four books reviewed here are almost unanimous in concluding that economic reforms, particularly globalisation, have hit the Dalits the hardest. This is not so much due to the fear that Indian enterprises would be displaced in the course of global competition, as due to increasing privatisation and withdrawal of the state from the position of major employer of Dalits. The trend of privatisation has accelerated not only in industry but also in education. The government has been abdicating its responsibility in other social sectors like health too. Thus, the Dalits are hit both by the shrinking scope of reservation in respect of employment and education, and also by relatively reduced public expenditure on social sectors. To bring some relief to Dalits in this respect, it is necessary to provide for reservation quotas for them not merely for admission to private schools and colleges (even if they do not get government aid or grant) but also in private industry and service sector employment. This has to be done until poverty is abolished and discrimination against Dalits is stopped. This is also a very important way by which we can compensate for the failures in respect of land reforms and universalisation of primary education. As Ilaiah has eloquently argued in his essay on Reservations, the 'efficiency' argument against the reservation system is based on a very narrow and selfish view and does not address itself to the problem of the masses left in the lurch (2004: 188-200). The private sector being a part of the national polity, it cannot escape from social responsibility.

Journeys to Freedom

This section draws mainly upon the book with the same title (Franco et al 2004) but also other sources which would be acknowledged. We discuss these journeys and see how far they have been successful.

Conversion to other faiths has been an important path tried by many Dalits to achieve liberation from their sense of shame and inferiority and achieve equal status in society. Initially, Dr Ambedkar tried to win co-operation of upper-caste Hindus to integrate the untouchables into the mainstream. 'His movements for opening of wells and entry into temples were symbolic, aimed at changing the attitudes within Hindu society. But, in the late 1920s, realising the futility of his

efforts, he moved from reconciliation with Hinduism to revolt' (Pai 2005: 23). Weighing carefully different options of faiths, he finally decided to convert to Buddhism along with a massive number of followers. It is significant that he waited to do this till 14 October, 1956, shortly before he breathed his last on 6 December 1956. He must have waited either because he was unsure of the efficacy of religious conversion as a path to social reform or because he was still hoping that the Hindu society would reform in response to his movement. It is unfortunate that on both counts his hopes were not realised. Many Dalits in other parts of India have been converting to other religions too, especially Christianity, Islam and Sikhism both earlier and later to Dr Ambedkar's move. Dalit conversions to Buddhism continued after 1956 also.

Conversions to Buddhism were, however, qualitatively different from other conversions. This is because, before Dr Ambedkar's move in 1956, Buddhists in India hardly had any presence though in the historical past, they had a very significant presence for over a millennium. On the other hand, there were already Christians, Muslims and Sikhs in much larger number than the Dalit converts. This made a difference. Dalits in these religions had to retain a low caste and even untouchable status, while among Buddhists there was no such thing and the converts achieved a new identity and status which they did not get in Sikhism, Christianity or Islam. I think that it is this factor which must have weighted heavily in the mind of Dr Ambedkar, when he opted for Buddhism. The books reviewed here are candid in conceding that conversions to these religions hardly helped in ending their Dalit status except in a few cases where there was material gain accompanying conversion. Franco *et al* frankly admit that 'conversion had led to a conflicted identity; a new religious identity, competing with an older caste identity, and not recognised as new by the other communities' (2004:16).

Even the conversion to Buddhism was more symbolic than an act of religious faith. The Ambedkarite movement, based on the slogan: 'organise, educate and fight for rights', was a more prominent part of it than Buddhism as a religion. By and large, thus, conversion as a path to freedom was not efficacious by itself. It was the secular struggle associated with Ambedkarite movement which was more efficacious.

Dalits also resorted to a journey which was quite opposite to that of conversion. Instead of rejecting Hinduism, this journey consisted of accepting it and moving upwards within the framework of it through sanskritisation. The success of this showed that upward mobility was possible even within the framework of Hinduism through organised efforts. Two bright and conspicuous examples of this are that of Ezhavas in Kerala and Nadars in Tamil Nadu, who overcame their Dalit status and entered the mainstream of society much before Independence (discussed in further detail in Nadkarni 2003). Narayan Guru, who was the leader of the movement

of Ezhavas, quietly ended the monopoly of Brahmans in Vedic and Sanskrit learning and opened this to his followers, including women. He did not want to confine his movement only to Ezhavas but unfortunately it did not cover other Dalits much. It was not sanskritisation alone that helped Ezhavas and Nadars. It was also organisation, emphasis on education and social work, discouraging vices like drunkenness and helping in finding jobs. It was not, however, adversarial, that is, no hatred was created against upper castes. As a result, they could even get the co-operation of upper castes in coming into the mainstream and ending their backwardness. Now there are many religious leaders in Hinduism who have openly rejected caste, emphasised the universalism of Hindu religious tradition and have covered all castes. Their movement is non-sectarian. Shri Satya Sai Baba and Mata Amritanandamayi are prominent among them. Mataji comes from a so-called low caste of fishermen herself and has been training even women from all castes to become priests and take to Vedic learning, apart from opening educational institutions and providing massive social service to the poor irrespective of caste and religion. Contrary to the opinion of a few sociologists, the relevance of sanskritisation is far from dead. On the contrary, it has been far more effective than conversion to other faiths.

This sanskritisation has to be distinguished from the strategy followed by a few Dalits who not only did not reject Hinduism, but went a step further and even embraced Hindutva. This is the paradox which has dismayed several Dalit intellectuals and forms the focus of the book edited by Teltumbde (2005). It is easy to brush this aside by saying that the main reason why Dalits participated in post-Godhra riots of Gujarat was because they must have been given material benefits and bought over by Hindutva forces. While this cannot be ruled out, it cannot be the full explanation. Articles in Teltumbde's book have pointed out how the Sangh Parivar has been courting both SCs and STs in several states of India, and has accepted even Dr Ambedkar as '*pratahsmaraniya*' (to be remembered and honoured during morning prayers). Their attempts to draw them into the mainstream of Hindu society have been relatively more successful with the STs, who, as pointed out above, were not treated as untouchables. There has been a long history of assimilation of tribal cultural traditions and religions beliefs into Hinduism, the Atharva Veda being the first such attempt some three millennia ago or more. Shiva, Krishna, Ganesh, Jagannath and most of the female deities in Hinduism were taken up from the tribal culture and tradition (see Jain, 2004 for a fuller discussion of tribal-Hindu interface). Even some of the SCs were attracted to Sangha Parivar both because of its anti-caste ideology and also because it offered opportunities for a quicker rise. SCs also have strong traditional bonds with many Hindu traditions and deities, basic rituals like Pujas being common. They can feel perfectly at home with Hinduism without casteism, and Hindutva provides it. If only Hindutva sheds

its ideology of hatred against certain minorities and follows the example of Ramakrishna Mission, Shri Satya Sai Baba and such others, they can do a lot of good both to the country and Hinduism. That the Dalits played into the hands of Hindutva forces in their pogrom against Muslims is to be deeply regretted, but it is a separate issue. The deeper fact of Dalit incorporation into Hindutva appears as paradoxical, only because Dalit intellectuals have assumed Hindutva to be anti-Dalit. This assumption need not be correct.

Whether it is joining the mainstream through non-adversarial cultural and social movement as in the case of Ezhavas and Nadars, or joining the forces of Hindutva, it should not be mistaken as a simple process of passive imitation on the part of Dalits. Karanth makes an important point when he says that even in apparently imitating a custom of the higher castes, it need not be passive replication but it may well be a form of protest against hegemony and dissent on caste domination. Even sanskritisation may not be a passive imitation or acceptance of values of caste dominance. Karanth gives a few examples from Karnataka to show that it is more an indication of protest and dissent on caste values and certainly not acceptance (Karanth 2004).

Dalits have also tried with some success the political path to have a greater leverage both in policy formulation and particularly in sharing political power so that it can be translated into greater material gains for Dalits. This they have done both by joining other political parties where they may not be dominant but can nevertheless exercise some leverage, and also by forming the parties where they are dominant. The entry of many Dalits into educated middle class has helped this process greatly. Under the former strategy, they have joined not only the Congress but also BJP, so that whichever party comes into power they can have some leverage. In an era of coalition politics, marginal political groups in India have gained in political importance disproportionate to the numbers they command. Dalits have taken advantage of this situation like many other social groups. The second strategy of forming their own party did not, however, have the expected success. Dr Ambedkar himself formed the Republican Party of India which could not come into much prominence. A party based mainly on the membership of Dalits has the basic demographic-cum-political limitation that practically in no region they are in a majority. They can succeed only in alliance with others who share the same ideology and wedded to social justice. This was tried by Kanshi Ram, who formed the Bahujan Samaj Party (BSP), subsequently led by Mayawati. Kanshi Ram shrewdly judged that a party with a following of both Dalits and OBCs can form a majority (Bahujan) in every state of India and, therefore, rule India. At first, BSP showed great promise, 'but corruption in high places and appropriation of the rhetoric of the "social" by OBC parties like the Samajwadi Party, have diminished the force of the Dalit upward thrust' (Fanco *et al* 2004: 18). This is an eminent example of

contradiction arising when politics is caste based.

The OBCs account for a much larger number of population than Dalits both in the country as a whole and in states except in areas where STs are in majority (as in the north-eastern parts of India). The exact proportion of OBCs, particularly at the national level, is a controversial issue and has not been estimated. This is because some sub-castes which are recognised as backward in a few areas/states, are actually very wealthy and politically powerful in other areas. OBCs themselves are not a homogeneous group, caste-wise, wealth-wise or power-wise. They do not like to join parties which are dominated by Dalits and have formed their own – like Janata Dal (S), and Samajwadi Party. OBCs also have ill-treated Dalits as untouchables like other Savarnas, and in agrarian relations they are the employers and Dalits are the labourers employed. The contradiction between Dalits and OBCs is so acute that BSP was more comfortable to ally with BJP than with Samajwadi Party in UP. Mayawati is a very perceptive and clever politician, and recently launched a programme of even *Brahman jodo*, under which she has tried to co-opt Brahmans into her party in spite of giving the clear indication that it is Dalit leadership which will hold the reins (see Verma, 2005: 2647-8). On the whole, it is a very positive development that Dalits have gained in political power, either independently on their own or as members of other parties, in spite of their demographic handicap.

This does not mean that all is well with Dalit representation in Indian politics and political institutions. Thirumaavalavan's book (2004) is full of incidents of preventing Dalits from occupying positions of the president in Panchayat institutions, due to disruptive tactics by dominant OBC castes. He also complains that even though he was elected to the Legislative Assembly he was not given the time and freedom he wanted to articulate Dalit problems and had to resign on that ground. Dalit leaders are also bitter that the Dravidan movement in TN, also called the Non-Brahman Movement, hardly took Dalit issues and problems, though very eloquent in their opposition to Brahmans and Brahmanism. This could have been so in other states like Karnataka also. Paradoxically, in spite of this frustration, Thirumaavalavan seeks a Tamil movement as a solution to Dalit problem and to fight Brahmanism and Hindutva. Some of his speeches in the book are even indicative of sympathy to LTTE (for example, see, LTTE chief Prabhakaran's photo on pp.166 along with that of Dr Ambedkar and Periyar, and again on pp.193 & 194 in Thirumaavalavan 2004: 83, 191-5, 225). Thirumaavalavan also has led a movement to shed Sanskrit names and adopt Tamil names, as a part of his Tamil Movement. He should remember that the greatest of the Sanskrit poets – Valmiki, Vyasa and Kalidasa—came from a Dalit background, that Manusmriti is not the only thing in Sanskrit, and there is a lot more in Sanskrit which is for equality, humanism and social justice which unfortunately has not received as much attention as Manusmriti.

It is easy and also justifiable to caution Dalit leaders against being tempted by extremism in politics of any kind - either of Naxalism or LTTE. There would be

insurmountable obstacles in the success of such journeys, and the cause of Dalits will hardly be served. Dalits themselves will not support a path of violence. They need peace to develop themselves and come into the mainstream. But they do not mind fighting for their rights and protesting against discrimination. It would be wise on the part of non-Dalit leaders and the country as a whole to recognise the necessity of not pushing Dalits to extremism. The following seem to be some ways of ensuring that Dalits get into the mainstream of our polity, society and economy more fully than before and addressing their sense of deprivation.

Though there are reserved quotas for them in the Parliament, State Assemblies as well as in the Panchayat institutions, at the grass-root level there are still problems. We could have a Dalit President of India (K R Narayanan), Dalit Presidents of major political parties (Bangaru Laxman as President of BJP, and Kanshi Ram as founder and Chairman of BSP), but Dalits being elected as Presidents of village Panchayats is still a problem. This problem cannot be ignored any longer. All incidents of depriving Dalits of their legitimate rights to get elected to political positions should be properly investigated and culprits punished. This has to be both at legal and political party levels. Gram Panchayats doing so should be punished in the form of a collective fine or other punitive measures. If there are gaps in legislation to do this, they should be properly filled.

All complaints of atrocities and humiliating discrimination against Dalits should be promptly and seriously attended and investigated, and culprits punished. This needs attention particularly at the grass-roots level in villages. Most of the incidents of atrocities on Dalits in rural India are being perpetrated by groups which are mostly homogenous in terms of a dominant caste. This is what, for example, happened in Gohana (Haryana) on August 31, 2005, where a whole *cheri* of Valmikis, supposed to be the lowest caste among Dalits, was set on fire by Jats. In all such cases, the victims should be so compensated that they are not worse off than before at least in economic terms and the cost should be recovered from the groups which indulged in violence. If the existing law does not provide for it, the law should be amended to properly deal with the culprit *group*. This should be apart from the imprisonment or such punishment due to individuals specifically identified as culprits. Collective and stiff penalties can make the concerned group discourage its individual members from indulging in crime. When a collective penalty is imposed on a group, each member of the group should be both collectively and severally made responsible to pay it. If the group fails to pay the penalty, it should be open to the government to confiscate the properties of any one or more members of the group to recover the penalty. Atrocities on Dalits will not stop without such strong measures.

Migration to cities and towns has also been tried by Dalits as a way out of oppression in the villages and for overcoming poverty. Urbanisation holds the

promise of bringing the Dalits out of feudal exploitation and into the mainstream where they can enjoy equal rights with others more easily than in villages. Unfortunately, the process of urbanisation has been slower among Dalits (see, table above). This is not surprising among STs as they are attached to forests and also cultivation of lands. Though the proportion of cultivators among SCs is small and that of labourers higher among STs, their rate of migration to cities is slower than in the general population. The most important reason for this is the lack of adequate facilities for education of good quality at primary and lower secondary levels in villages. As such, Dalits have no bright prospects of improvement in employment and income rise by moving to cities. Lack of adequate infrastructure, indifference of teachers to their work and even absenteeism plays havoc with rural education, which affects the Dalits most. The policy of state governments to emphasise only the regional language in their educational institutions has also adversely affected Dalits by depriving them of opportunities of learning English, which is now a key to personal development. Dalit children also need to be attracted to schools through mid-day meals and provision of free text books and uniforms, so that their parents prefer to send them to schools instead of work. Any landlord or cultivator or any other employer holding children in bondage against loans incurred by their parents should be liable for criminal prosecution and punishment.

As already suggested above, the reservation for SCs and STs in educational institutions and jobs should be not only continued in the public sector, but provided for in the private sector too. Since, however, the creamy layer and the elite among the Dalits are taking more advantage of this, depriving the less privileged among them, it is high time that the second generation and economically well off Dalits excluded from these quotas. A lot of OBC sub-castes have come into the mainstream already and are wealthy and powerful. Their list should be revised again, and only those sub-castes which are in the same deprived and poor state as Dalits should be considered for the reservation quotas excluding the creamy layers within the selected sub-castes.

It has been implicitly assumed both by the Union and State governments that economic reforms mean abdication of their responsibility for the social sector. This has affected Dalits most. The increased state revenues from economic growth should be utilised for providing social services like education and health for the poor. The policy of the state governments of not filling up even existing vacancies of teachers in schools, colleges and universities is extremely short-sighted. The state has also to encourage job creating economic growth rather than jobs-destroying economic growth. It seems the objective of reducing fiscal deficits has replaced the objective of social welfare. This is the height of state irresponsibility. The decline of welfare state and its tending to become a police state are a most distressing development from the point of the poor.

Dalits too have a responsibility beyond organising protests. So far the attention of the leaders of Dalit organisations is focused almost exclusively on protest activities, leaving all constructive activities to the government. Some of them have even a contempt for taking up constructive activities, as it dents their revolutionary image. Given the apathy and indifference of most of the bureaucrats, if not all, such a policy is abdication of social responsibility. It is no use blaming the government alone for this. Even if they do not directly take up social work, Dalit organisations both in villages and urban areas need to ensure its effective implementation. For example, they have to see to it that all Dalit families send their children to school and that the schools are running properly. They have to see that the rural health centres also run properly and clean drinking water is provided to villages. They have to ensure that all Dalit babies are immunised. Under the recently passed Employment Guarantee Act, they have to see that all Dalits who seek employment get it, and no fake muster rolls are kept to pilfer funds meant for the scheme into the private pockets of either bureaucrats or politicians. In the towns and cities, the Dalit organisations have to ensure that migrants are helped in finding housing and jobs, and slums have basic facilities so that even slums can provide decent living. Dalit Samitis can also have informal employment exchange to help the unemployed get jobs in the urban sector. Both in rural and urban areas, Dalit organisations can act as catalytic agents in co-ordination with banks to form Self-Help Groups (SHGs) of Dalits, particularly of women, through whom credit flow can be organised and dependence on private lenders avoided. The SHGs can even be so organised that they can provide social insurance for the poor in times of emergencies like deaths of earning members of families or serious accidents involving them. Local Dalit groups can also regulate if not totally prevent drinking, so that the poor do not waste their precious income and become poorer still.

I conclude this review article by pointing out the example of Ezhavas and Nadars once again. If their leaders had confined themselves only to protests and organising rallies, their communities would not have been able to rise above their depressed status. They could end their 'untouchable' and deprived status mainly because they took to constructive activities.

Notes

1. Based on NSS 50th Round, Suryanarayana (2001) has estimated that taking rural households, the proportion of population below poverty line in the year 1993-94 was 47.4 per cent among SCs, 51.2 per cent among STs, 31.2 per cent among other households, and 36.7 per cent among all rural households together in India.
2. During the 10½ years of pre-reform period between 1983 and 1993-94, the proportion of the poor in India declined from 46.47 per cent to 37.35 per cent (based on Uniform Reference Period), i.e., by 0.9 percentage point per year. During the 6 years of Post-

Reform period between 1993-94 and 1999–2000, the same declined from 35.47 per cent to 27.32 per cent (based on Mixed Reference Period), i.e., by 1.5 percentage point per year. For the first time, the post-reform period witnessed a decline in poverty in absolute terms too (Sundaram and Tendulkar 2003:335–6).

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Causality: Siddhaartha Buddha to Sims and Granger

N. S. S. Narayana*

Kasminnu Bhagavoe Vijnatey Sarvamidam Vijnatam Bhavati?
(What is it if known, everything becomes known?) – Mundakopanishad.

I

The papers presented and addresses delivered at the 39th Indian Econometric Society Conference held at Baroda in February 2003 not only dealt with the problems currently relevant to the Indian economy but also focused on some theoretical aspects. These papers and lectures — since published as a book, *Econometric Models: Theory and Applications*, edited by D. M. Nachane, Romar Correa, G. Ananthapadmanabhan and K R Shanmugam — understandably cover a very wide range of topics. The presidential address by D. M. Nachane deals with causality in economics, the inaugural address by C. Rangarajan is on fiscal federalism while the invited lecture by B. B. Bhattacharya analyses the post-reform Indian economy. The book contains eight other selected papers. Nachane's address on causality is substantial and will be taken up last in this article.

Rangarajan's inaugural address covering fiscal federalism begins with an appreciation of econometric methods dealing with random component in economic relationships. He reviews the fiscal situation in India, impacts of fiscal deficit, restructuring public finance and fiscal transfers. In simple terms, he elegantly presents the fiscal problems faced by India by drawing attention to the gaps between the various past Finance Commissions' expectations and assumptions and actual realisations. He concludes the address by presenting the issues before the 12th Finance Commission. These include determining the States' share of Central resources, criteria to be adopted in allocating the resources in view of equity *versus* efficiency and the parameters to arrive at a sustainable level of fiscal deficits for the Centre and the various States.

The paper by Bhattacharya and Kar presents a macroeconometric simulation model for the post-reform Indian economy. The stated objective is to study the nature of relationship between aggregate economic growth and fiscal and external balances. The economy has been disaggregated into four sectors: agriculture, industry, services and defence and public administration. The model presented has 167 equations of which 36 require econometric estimation. The authors say, "In order to minimise the problem of spurious regression, most of the behavioural equations have been estimated in growth rates rather than in levels". Yet, I am not sure that all their equations are free from spuriousness and non-stationarity. Some of their econometric specifications are as follows:

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$$(a) Y_t = Y_{t-1} \cdot (1 + 0.01 \cdot X_t)$$

$$(b) X_t = f(\dots\dots\dots)$$

(a) implies that $X_t = (Y_t / Y_{t-1} - 1) \cdot 100 = (\Delta Y_t / Y_{t-1}) \cdot 100$. X_t has been econometrically estimated as in (b). But this does not guarantee that X_t would be stationary if Y_t is $I(1)$. The ratio of a stationary variable to nonstationary variable is not necessarily stationary. For policy analysis, first, a base run simulation has been obtained. Later, 4 different optimistic scenarios (based on the assumptions about growth of public investment and capital productivity) and 2 pessimistic scenarios (based on the assumptions about drought, oil shock, low capital inflows, and public investment) have been obtained to assess policy impacts.

The paper by Mamatha Rao and Ramachandran examines the stability of relationship between broad money, output and prices in India. The paper provides a good survey of the literature in the area. In the empirical part, M3 stock as function of the real income and prices was supposed to be the money demand equation. After rigorous applications of the econometric tools related to stability, cointegration and structural change, the authors conclude that RBI might continue to use M3 to trace inflation.

The paper by Bhanumurty and Shashi Agarwal on interest-rate – price nexus in India contains a survey in the case of India including the Fisher hypothesis. Three types of interest rates: call money rate, 364-days treasury-bill rate and the commercial paper rate, and 2 types of inflation: WPI and CPI have been considered. Several econometric hurdles come in the way – including different unit root tests giving different results. The analysis finds that the Fisher effect, if at all it exists in India, is only meek. An important conclusion drawn is that even if the RBI reduces the interest rates in view of inflation, the other market determined interest rates may still continue to be high. Therefore, given the meek Fisher effect the interest rate determination need not be unduly concerned with the inflation. They also contrast their results with other studies.

Narain Sinha and Lokendra Kumawat survey the literature and thoroughly discuss theoretical and empirical issues encountered while testing for seasonal unit roots. They consider quarterly / monthly Indian data on index of industrial production, call money rate and seven monetary variables such as reserve money, demand deposits, time deposits etc., covering nearly four decades. HEGY test for quarterly data and Beaulieu-Miron extension of the HEGY test for monthly data are the tools for their analysis. There is a rich discussion on the econometric issues related to the deterministic variables, lag structure, levels of significance and residual auto-correlations. The discussion of the results is, however, confined only to econometric rather than economic aspects.

One more interesting paper is by Hegde and Nilakantan on implications of emerging technologies on econometric modeling with reference to specifying

production functions. Though this paper raises important issues, the authors, however, seem to be unaware of the controversies that persist on statistical production functions. Engineering production functions (EPF), a concept initiated by Chenery (1949), and later commended by many leading economists including Johansen (1972), Rudra (1969) etc., have always been recognised as far superior to the statistical production functions. Further, the concept of the so-called engineering process analyses (EPA) also arose – see, Chenery (1953). EPF and EPA directly address the concerns expressed by Hegde and Nilakantan. Abhiman Das in his paper on determinants of interest-spread of Indian scheduled commercial banks considers six alternative interest-rate spreads both in narrow and broad sense. The analysis shows that the interest spread is rather high with a downward inflexibility which has become a major concern for policy makers. The other papers equally important as above are; (a) Sales tax policy interaction among the state governments in India by Shanmugam and Sthanumoorthy; (b) Examining the Leontief-Ghosh duality in the light of Sri Lankan economy by Partha Pratim Ghosh and Debesh Chakraborty; and (c) Environmental impacts of trade liberalisation in India by Kakali Mukhopadhyay and Debesh Chakraborty.

Nachane's paper, "Causal inference and Scientific explanation in Economics", deals with the causality principle as viewed in natural and social sciences, important controversies such as *Erklaeren vs. Verstehen* and *Realism vs. Positivism*, definitional issues and finally treatment of causality in econometrics. This is a thought provoking paper involving profound issues. Since there is a lot to react, my comments have been separately presented in section II.

II

Causality: Normally, we understand and teach that high correlations need not imply causality. Then, are there any situations where we can assert that indeed there exists causality? This turns out to be a profound question. Along with physics and other natural sciences, statistics and econometrics (now recognised to have substantially contributed towards understanding the principle of causality) also have been developing their own methodologies based on the notions fundamentally developed in philosophy. Nachane draws our attention to various philosophers such as Aristotle, Laplace, Descartes, Bertrand Russell, David Hume, Kant, etc. After discussing some of their principles, issues and debates, subjective attitudes to causality, preferences between theoretical elegance and empirical relevance, Nachane concludes that economics is "very likely to lose much of its formal mathematical seductiveness and take on more the appearance of an "idiographic" or narrative-descriptive science."

So much has been written on causality that it has even become impossible to keep track of 'who said what and when'. No single paper on this topic can

possibly be exhaustive enough. Though Nachane's elaboration covers a wide area on the subject, one cannot consider his exposition to be exhaustive either. For this reason, I would like to touch upon a few aspects, which include both what Nachane covered and not covered.

Nachane refers to "the founding fathers of philosophy like Aristotle and Kant". Even to students of western philosophy, Aristotle belonging to the 4th century BC, and Kant belonging to the 18th century AD cannot be the founding fathers. Aristotle's teacher was Plato and Plato's teacher was Socrates. And Democritus was a contemporary of Socrates. And before them there were many others like Thales, Heraclitus, etc. Kant was not even the founding father of modern western philosophy. Besides, most of Aristotle's works became available only in the 13th century. "One might, though, be tempted to argue that this concentration on causality is simply an effect of reading Aristotle, but this would be too hasty. Medieval thinkers were attracted to the problem of causality long before most of Aristotle's texts became available in the thirteenth century: ..." (White 2001).

Russell (1974) notes that the first really serious challenge to the view, that there is a necessity of logical connection between a cause and effect, came from Hume with whom the modern philosophy of causation began. Many others too have been saying so. There is no disagreement if such expressions are with respect to modern philosophy. But Nachane says, "The first significant attack on the concept of causality comes in Hume's *Treatise of Human Nature* (1739)". It seems contributions to the causality issue are nowadays recognised if only they were made by the Western modern philosophers. While several papers by foreigners on causality at least briefly report western philosophic thoughts, I have not come across even a single paper by an econometrician or statistician that reports the Indian philosophers' contributions. Whether one recognises or not, causality, its concepts, attacks, counter-attacks and teleology have been dominant issues in the ancient Indian philosophy also. It may also be noted that fundamentally almost the same things have come to be debated even later. The next section presents a brief but neither rigorous nor exhaustive enough account of the treatment of the causality (leaving aside the issues concerning space, time, energy, atoms, substances, qualities etc.) in the Indian Philosophy. Since it will be some time before I return to Nachane, readers not interested in the Indian philosophy may skip the next subsection.

Indian Philosophic Thought on Causality: One question that occupied the Indian sages' minds right from Vedic times (prior to 1500 BC) was, who created this universe and why? This puzzle resulted over time in efforts purely analytical and methods logical to prove the existence of God. Initially, it was expressed in Naasadeeya Suktam, Kenopanishad, Mundakopanishad etc. However, a sect called Charvaakas started questioning and wanted proofs for every thing that was assumed. They

even rejected the notion of 'inference' and 'induction' as proofs. However, the rejection of the principle of cause-effect relationship remained only dormant in their arguments¹. Chaarvaakas are materialists. The materialist's problem is how to exist. Some philosophers' problem is how to cease to exist. So, first of all how did we come to exist – became the puzzle to be sorted out. Thus, the issue of causality explicitly manifested during the times of Jainism and Buddhism (7th & 6th Century BC).

Buddhism: Buddha, a *Hetu-vadi*, believed that without a cause, nothing can ever happen. With his so called 'enlightenment' he proposed four ultimate truths, of which the second one is the theory of Dependent Origination (also called Conditional Existence or '*Prateetya Samutpaada*'). According to this theory, nothing exists unconditionally. Existence of everything depends on some conditions. Every event has a cause behind it. Further, every effect turns out to be a cause for something else to happen later. That is, every event is an effect of some cause, and a cause for some other effect. This "wheel of causation" is known as Universal Law of Causation (ULC) and operates without anybody's help or orders. Buddha calls it '*Dhamma*': "That being thus, this comes to be. From the coming to be of that, this arises. That being absent, this does not happen."² Then where did anything begin, and where will it end? Buddha advises to avoid such questions since truth about extremes would never be known. The ULC led to several implications – the most important of them being the Doctrine of Universal Change and Impermanence. According to this, whatever exists is conditionally caused and never remains permanent. Another implication is known as '*Kshanika Vaada*' (momentariness). This also deals with the capacity of any event to produce an effect (causal efficiency). An object is real if only it can be a cause for an effect.

Jainism: Jainism (slightly older to Buddhism) is known for its '*Anekaanta Vaadam*' otherwise, also known as '*Syaadvaadam*' and also as '*Saptabhangi Vaadam*'. '*Syaad*' means probably, perhaps and somehow. According to this theory, nothing is absolutely true, and nothing can be concluded with certainty. There are seven possibilities: (a) probably true, (b) probably not true, (c) probably true and also not true, (d) probably inexpressible, (e) probably true but not expressible, (f) probably not true and not expressible, and (g) probably true and also not true and inexpressible. Jains philosophy may be compared with that of Gorgias, a Greek Sophist of 5th century BC. Jainism rejects the *Kshanika Vaadam*, saying even illusory (unreal) objects can cause effects. Jains also emphasised the importance of 'time' dimension. They argue that unless time is taken into account, how does one know what is old and what is new, what precedes and what succeeds? They identified three types of causal conditions: agent (ex: potter), instrumental (potter's wheel and implements) and material (clay). They argued that space, time, *dharma*

(properties/characteristics) and *adharma* (lack of *dharma*) are also instrumental conditions but distinctly named them as '*Apeksha Karanas*'.

Nyaya and Vaisesika philosophy: Sage Gautama collated the tenets of *Nyaya* philosophy existing since ages before him, and expressed them in the form of *Sutras* (laws). Broadly speaking, this philosophy differs from the *Vaisesika* philosophy of Sage Kanaada only in minute details. Arguments exist that Gautama and Kanaada were even prior to Buddha. However, historians mostly believe that they belonged to about 150 BC. These philosophers laid emphasis on analytics rather than speculations about reality and causality. Their method of investigation is known as '*Anveekshakee*' (looking into, deeper examination). Leave aside individual perceptions, but what is the actual reality? This query resulted in developing the theory of logic (*Tarka Sastra*). They categorised perceptions in two ways: *Laukika* vs. *Alaukika* (mundane vs. non-mundane) and *Baahya* vs. *Maanasa* (extrinsic vs. intrinsic). In this background, they laid three conditions to judge causality: (a) *Anvaya* (whenever there is smoke, there is also fire), (b) *Vyatireka* (No fire, then no smoke either) (c) *Vyabhicharaagraha* (Only fire - no smoke, and/or only smoke - no fire, never happen).³ Further, one needs to observe these phenomena under different conditions (may be, the fuel is wet at the time of observation). Only repeated observations of the conditions would reveal the causality. Based on this theory the later Vedaantins theorised: "*Vyabhichara adarsaney sati sahachaara darsanam*" (always seen together; one never seen without the other). But Vedaantins' definition led into problems due to examples such as red-hot iron balls without any smoke! In any case, *Nyaya-Vaisesika*'s theories ruled the minds of the intellectuals for several centuries as we see later.

Saankhya: Scholars believe that this philosophic thought is the oldest of the six well known Indian philosophies (*Shud-Darsanams*). It came in, if not contemporarily to Buddhism, at least not much later. *Saankhya* propagated by Sage Kapila and Yoga propagated by Sage Patanjali are generally discussed together. A profound idea proposed by the *Sankhyaas* with regard to the causality is that an effect is always subsumed within the cause itself. That a statue (effect) is carved out of a stone (cause) implies that the statue originally existed within the stone from which it is carved out. Oil is extracted from the seeds only because oil already exists in the seeds. Therefore, effects exist within the causes even before production. Effects manifest only when the conditions suit them. If the properties of the effect do not exist in the cause itself, there is no cause-effect relation. How can one get mangoes from a banyan tree! This argument is known as '*Satkaarya Vaadam*'. This has two forms: '*Parinama Vaadam*' (causes manifest as effects when conditions suit) and '*Vivarta Vaadam*' (in reality, there is no difference between a cause and an effect. They only look different because of our illusion and false imagination.) The

Satkaarya Vaadam has been accepted by the Advaitins. The *Vivarta Vaadam* had tremendously influenced Adi Sankara whose powerful philosophic analysis in turn swept through entire India.

Gaudapada's explicit refusal of causality: Upanishads are crowning glory of the Vedic literature. The *Maandukya* Upanishat, the smallest of them containing only 12 verses, is supposedly the gist of all the other upanishats. Yet, it is quite hard to understand. Therefore, Gaudapada, the Guru of Govindaacharya, who was the Guru of Adi Sankara⁴, wrote extensive commentary for this upanishad under the name "*Maandukya Kaarika*". In the 4th *prakaranam* (chapter) of this enormous work, causality, which was outright rejected by him to counter Buddhism, is the main issue. I shall quote 4 of the verses from this *Kaarika*.

(a) *Sambhavey hetuphalayoeh eshitavyah kramastvayaa*
Yugapatsambhavey yasmaad asambandho vishaanavat.

(If there exists something like causality, a sequence must exist from the cause to the effect. They cannot evolve simultaneously like the two horns of cattle.)

(b) *Prajnapteh sanimittatvam ishyatey yukti darsanaat*
Nimittasyaah nimittatvamishyatey bhuta darsanaat.

(Based on past experience, some external factor is imagined as real cause. In reality external cause is no real cause at all.)

(c) _____
Satcha saddhetukam naasti Saddhetukam asatkutah

(Nothing whatsoever exists with something else as a cause of it. Also, how can there be an unreal thing produced out of a real thing?)

(d) *Yaavat hetu phalaavesah Taavat hetu phaloedbhavah*
Ksheeney hetu phalaavesoe naasti hetu phaloedbhavah.

(Cause and effect spring into being so long as there is mental preoccupation with cause and effect. There is no origination of cause and effect when the engrossment with cause and effect becomes attenuated)⁵.

Adi Sankara echoed the same philosophic principle on causality⁶. Hume (18th century AD) may be contrasted with, whose skepticism according to Russell is insincere.

Nava Nyaya Vaiseshika: The earlier mentioned Nyaya philosophy led over time to further refining the concepts and arguments so much so that the later developments of this theory became known as *Nava Nyaya* (Modern *Nyaya*). Well known for these developments are Vatsyayana⁷, Udyota, Vachaspati Misra, Jayanta, Bhatta

Vaageesa, Gangesa etc. I quote 4 verses from *Bhaasaa Pariccheda* (also known as *Siddhanta Muktavali*) authored by *Viswanatha Nyaya Panchanana* (17th century AD)⁸.

(a) *Anyathhaasiddhi sunyasya niyataa purvavartitaa*
Kaaranatvam bhaveyt tassy traividhyam parikeertitam.
(Causality is the invariable antecedence of what is not superfluity. It is of 3 types.)

(b) *Samavayi kaaranatvam jneyam athaapi asamavayi hetutvam*
Evam nyaayanayajnaih truteeyamuktam nimitta hetutvam

(c) *Yatsamavetam kaaryam bhavati jneyam tu samavayi janakam tat*
tatraasannam janakam dwiteeyam aabhyaam param truteeyam syaat.
(There are 3 kinds of causality: Inherent (*Samavayi*: yarns are the cause for cloth), Non-inherent (*Asamavayi*: connectedness like a shuttle to cloth) and auxiliary (any cause other than the first two varieties)).

(d) *Yena saha purvabhaavah kaaranamaadaaya vaa yasya*
Anyam prati purvabhaavey jnaatey yat purvabhaava vijnaanam.
(There are 5 types of superfluous causes. Examples respectively: staff to make a jar, colour of the staff, ether, father of the potter and donkey that carried the mud to the pot-making site).

Is the father of the person who made the pot a cause for the pot? Is the donkey which carried the mud to the site a cause for the pot? These questions relate to the concept of the (20th century AD) IUNS conditions mentioned by Nachane.

Annamabhatta (17th century AD) wrote “*Deepika*” as an abstract of *Tarka Sastra*. The content is almost the same as *Bhaasaa Pariccheda* mentioned above. He defines “*Asaadhaaranam Kaaranam Karanam*” (Only a particular cause, i.e., not space, time etc., but yarn for cloth etc., is the specific cause.). “*Kaarya niyata Purvavrutti Kaaranam*” (a cause invariably precedes its effect.).

Much more literature and much more in the literature that exist have not been mentioned here. The above brief presentation, I hope, demonstrates that the causality has been a well discussed issue in the Indian philosophy also. Several perspectives scrutinised therein (existence, antecedence/ precedence, time dimension, doubt and probability, external/instrumental conditions, observation and verification, superfluity, role of mental perceptions, total non- belief in causality etc.) are maintained even as of date both in natural sciences and in social sciences whether in India or abroad.

Yet, I do not believe that, that is the end of the story. Modern methods of analysis have, however, helped a great deal in sharpening the questions. Thus arose several new concepts. To look at them, now let us return to Nachane's paper.

Nachane's Paper: I agree with Nachane: "the standard econometric methodology of verifying and refuting hypotheses from observed realisations of time series data is seriously at fault." Implicit theories to which the realisations actually correspond may not be the same as the theories assumed by the economists and econometricians. Mahalanobis had said, "A single new observation may call for a more comprehensive theory". If theories remain unrevised in the light of fresh observations, actual data generation process (DGP) could be different from the maintained hypotheses. How do the differences arise? Unless our theories are right hypotheses cannot be right; unless our hypotheses are right methodologies may not be right. August Comte seems to have ordered various sciences in the order of increasing complexity with simultaneously decreasing generality of application: mathematics, astronomy, physics, chemistry, biology and sociology in that order. And, he argued that each of these sciences contributes to the understanding of the science succeeding to it. Thus, all the sciences ultimately contribute to sociology⁹. In a way this points out the difficulties involved in doing research in social sciences. First, social scientists must have at least some basic understanding of what the other sciences say. "Plato and Aristotle, Aquinas and Occam could not have made head or tail of Newton" – Russell (1974). Second, it relates to what can and cannot be assumed as gospel truths (settled and unsettled issues in other sciences). Third, people become important in social sciences not merely as numbers or variables but also as minds and institutions. Simon (1993) says that with its *a priori* assumptions of human rationality, economics dodged for two centuries the fundamental problem of understanding the nature of mind and accordingly developing veridical theory.

This brings us to another problem in research: impermanence. Nachane says, "... the most vital point which seems to have escaped the debate is that causal laws and economic processes themselves can change, as economic institutions evolve ...". In this context, Holland (1986) and Granger's comments on it are worth noting. Holland, analysing statistics and causal inference, reviews theories of some philosophers as well as statisticians and across various disciplines. He also expresses his opinion that "Granger's essential ideas involving causation do not require the time-series setting he adopted". Granger's (1986) reactions on Holland's paper are equally worth noting. Granger first charges the past statisticians with having a rather unhelpful attitude and even negligence in addressing the issue of causality. Later on, he distinguishes between causation in cross-sectional situations and temporal causality; and declares that his particular interest is in temporal causality. Further, more importantly, he emphasises that "the purpose of causal analysis, including statistical analysis, is to try to change people's 'degrees

of belief,' which might be conveniently summarised as a probability that a suggested causal relationship is true. These beliefs are required for decision making by economic agents”.

But the decision makers should first be clear in their mind, - how to address a question, and what they can and cannot do. Holland (1986) and Rubin (1986) are concerned with, which questions are formulated well enough to have causal answers. For example, Holland and Rubin ask whether the following statements are meaningful at all from the point of causality:

Holland: She did well in the exam because she is a woman.

Rubin: If the females at a firm f had been male, their starting salaries would have averaged 20 per cent higher.

Holland and Rubin argue that ‘being female’ is only an attribute which has a mere association with the effect, and not a cause (this kind of arguments can be found in the *Nava Nyaya* philosophy also). Attributes (femininity) cannot be manipulated (like subsidies and taxes) by decision makers. This distinction has led to the concept of ‘manipulative causality’, (see, Woodward 2001). This is an important aspect for any meaningful policy analysis. Rubin identifies a principle, *stable-unit-treatment-value assumption* (SUTVA) to be satisfied in any situation before causal answers can be sought.

Often, the most serious dilemma faced by policy economists is: $(y_1, y_2, \dots, y_n) = f(x_1, x_2, \dots, x_m)$ where y 's are effects and x 's are causes. But, Nachane dealing with definitional issues of causality ignores the situation of a single cause (or multiple causes) leading to multiple effects. For example, when agricultural prices are raised, the raise may improve the incomes of the farmers, but on the other hand, buyers lose and industry suffers. This has conflicting growth and welfare implications. Here, the knowledge of the causal relation itself may not be quite enough for decision making. Be that as it may; Wold's (1954) exposition on “Causality and Econometrics” becomes quite important in this context from two perspectives. (1) He mentions multiple causes with multiple effects, first in the context of controlled experiment: “.. one or more variables are under the experimenter's control, and for suitably chosen values of these he observes the values of one or more other variables in whose variation he is interested.” The controlled variables are the cause variables and the observed ones are the effect variables. (2) He illustrates several of his arguments on causality with some simple economic models. For example, he considers,

$$(a) d_t = D(p_t); (b) s_t = S(p_{t-1}); (c) p_t = p_{t-1} + \gamma (d_{t-1} - s_{t-1})$$

Let d_t be exogenous. Now, s_t and p_t are to be forecasted based on the past but the causal relations behind them are so complex that no hypothesis specification is possible. Wold proposes a recursive system as follows that can be estimated easily.

$$(d) s_t = S(d_{t-1}, s_{t-1}, p_{t-1}, d_{t-2}, \dots) + u_t; (e) p_t = P(d_{t-1}, s_{t-1}, p_{t-1}, d_{t-2}, \dots) + v_t$$

Based on conditional distributions and joint probability distributions etc., Wold argues that (d) and (e) forming a recursive system have causal interpretation. Further, he claims that his “arguments are general, so that the device extends to any recursive system and to joint conditional distributions for any number of variables. A recursive system forms a causal chain with one effect variable in each link, while in the generalised approach there are one or more effect variables in each link, and these are causally explained as being jointly dependent upon variables in the previous links. Let the effect variables thus grouped in a link be referred to as a link set. Thus, for each variable in a link set we form a causal relation involving endogenous variables of previous links and exogenous variables of the same and previous links. Such a causal relation may be interpreted as a conditional probability distribution.” Recognising that such generalised recursive systems are closely related to the structural systems, Wold, however, argues that the reduced form (RF) of a structural system does not allow causal interpretations for the reason, the RF is based not only on the behaviour relations but also on identities and equilibrium relations. Therefore, the RF of a structural system turns out to be a mixture of causal and non-causal relations. The recursive systems approach is preferable since it has no identification problems at all, and yet it allows causal interpretations. This I find quite important for the reason that (d) and (e) above are equations of a VAR model. Wold’s (1954) formulation of the recursive systems is nothing but the VAR methodology (with exogenous variables thrown in) that came up 25 years later starting with Sims (1980). Does this mean ‘Granger-causation’ is indeed causation and not merely correlation? Does this mean that all the VAR models have causal interpretations? Or is it only begging the question ultimately saying that everything causes (is an effect of) everything else?

III

Epilogue: This book may have some editorial shortcomings. For instance, some errors do strike you: like the footnote and a section heading in Nachane’s paper and the title of the paper by Ghosh and Chakraborty. Several papers referred to in the papers are not listed in the references. The introduction says the model presented by Bhattacharya and Kar relies on simultaneous equation framework and has 256 equations. But Bhattacharya and Kar say in their paper that for beyond-sample forecasts they have abridged the model to 167 equations, which were estimated using the OLS method. Besides, of these 167, only 36 equations required estimation. One may also come across some papers where the estimated equations have $R\text{-bar}^2$ 0.99 – DW 0.68 and $R\text{-bar}^2$ 0.99 – DW 0.51; and the authors, instead of dumping, either use them for forecasting or rigorously adjust for the auto-correlation. Treat such occasions as *Pramaadoe Dheemataamapi* (errors unavoidable even for the

wise) and ignore. “It is the mark of an educated mind to be able to entertain a thought without accepting it” (Aristotle). First, let us educate ourselves. All the papers in this volume expose us to good ideas for research. To pick them up, this book is not only worth going through but also worth keeping.

Postscript: Professors T. N. Srinivasan and T. Krishna Kumar informed me later that in 1954 late P. C. Mahalanobis wrote on Syaavada and statistical prediction which was later commented by late J. B. S. Haldane. Srinivasan also gave me some important references in this context. I thank both of them.

Notes

1. Like Socrates’ teachings, we come to know Chaarvaaka theory only through others referring to them. Direct records are not available. It seems, some of their writings have been recently discovered. See Chatterji and Datta (2004).
2. See, Chatterji and Datta (2004), and Rao (1988, 1997).
3. Mill avoids this 3rd condition.
4. Controversy exists with regard to the exact time of Sankara. It is now believed that he belonged to 8th century AD. That may mean that Gaudapada belonged to roughly 6th or 7th century AD.
5. See, 8-Upanishads, Vol.2 by Gambhiraananda Swami (1973).
6. See, 407th verse in his Viveka Chudaamani.
7. Not the same who wrote Kama Sutras.
8. See, Bhasaa Parichheda, English translation by Madhavananda Swami (1996).
9. It seems Max Planck did not study economics because he found it too hard to digest, while Bertrand Russell did not because it was too easy – see, Heilbroner (1980).

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On Conclusions about Confronting Realities of Dalit World

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We have moved far away from where we began our journey as a new nation. And we are now in a position to look back as to what happened to our journey which started more than fifty years ago with laudable aims and objectives, and hopes of realising them. As a new democratic nation, we accepted to mould our age-old social structure - embodying economic, political and cultural relations in a defined way - and place ourselves together as equal citizens interacting as per the spirit of the principles of liberty, equality, fraternity and justice. 'Has our great collective dream come true?' is the most common question that haunts every concerned and learned mind. And to investigate the veracity of the whole scenario endless attempts are being made. There are certain testing grounds where particularly the scholars are used to carry out their experiments both at the micro and the macro levels. That is how in the realm of social science a vast array of issues have emerged to handle them in a more specialised way. Gender, Caste, Class, Power, Environment, Health, Education, Income and Levels of Living have all prompted systematic inquiries. The Dalit concern, as an issue of great significance, has also aroused interest in an unprecedented scale among scholars. The changes brought about in these dimensions have to be seen in link with the larger social structure so as to ascertain whether such changes have affected the basic drives of Indian society in any way. That is how each dimension assumes significance. But, the truth is some thing which has always become elusive on all counts, however objective the search for truth is. The elusiveness of truth about the Dalit world is one such example that becomes evident as we examine some works on the Dalits in contemporary India. As a matter of fact, the possibility of truth being twisted cannot be ruled out as a few writings obviously appear to contradict realities against what can be called as the make-believe images. Empathetically, this is especially true of the presentations made in relation to the Dalit situation in India.

No doubt, the tendencies of those days keenly registered in books such as 'Mother India' seem to have been waning. But, similar, nay, even worse type of days have been emerging. There is no blend taking place in the sense of reconstructing all the parts of society so as to create a harmonious concertante in the whole. The liberal atmosphere created by new constitutional democracy has given rise to many complex situations and, life, in general, although appears to be too eased, in reality, is fully ridden with conservative forces operating in all possible,

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visible and subtle forms of deprivation, exploitation and oppression. The progress made by variously triggered processes of development has yielded results only unevenly thus keeping the past enlivened with the present or making not much difference between the two. As a result, relations such as rich and poor, high and low, touchable and untouchable continue to co-exist in the so-called modern India as well. This, of course, is accompanied by all sorts of turmoils of dissent, protest, counter-claims, reactions and rejections.

To capture these whole range of Dalit issues, highly contemplative works have made their appearance. For the last one decade, every year, at least half a dozen books, some of them being written or edited by distinguished scholars, have come forth with diverse variety of interests relating to Dalits in modern India. In this scenario, I offer in different ways a critical review of a few of these books and try to present how the scholarly wind is blowing on the concerned subject.

First of all, two important books edited by Ghanshyam Shah, namely, "*Dalit Identity and Politics*" and "*Dalits and The State*" deserve serious attention of the scholars for analysis. Some of the nationally known Dalit scholars have contributed to these books. The first book deals at length with the question of unsettled identity that the term Dalit actively represents as a symbol of social unification, political assertion and cultural regeneration, under whose lee all the oppressed groups are projected to be finding solace as one solid whole. It is something very new and an emerging trend of consolidation process initiated by the historically dispersed social groups. Interestingly, these groups not only lay spread across the whole area of hierarchies of castes but also are parcelled by diversifications based on regions, languages, religions and specific cultural practices. But, here what is at start is the search for the common root. This is a fine thought and that is the major subject matter of this book.

However, in reality, when one begins to embark upon an idea of applying the term Dalit to all the so-called exploited sections of the caste society, it becomes too ambiguous and loses its strength as the most 'taken for granted' conceptual category. While discoursing one can stretch it to the length one wants to encompass as many caste groups and categories as is possible. But, for its practical significance, due to the unshared character of the social stratification in India, the ambit of the term often shrinks and limits itself back to include only those who are on the left-out verge of the Hindu civilisation called the '*Antyajas*'. So much so, the term Dalit turns out to be populated merely with the untouchables. Hence, its meaning does not subscribe to how one wants to use it but upon how it is experienced and felt in reality in a unique context of caste. Shah verily agrees on this viewpoint when he says: 'Generally, Dalit includes those termed in administrative parlance as Scheduled Castes (SCs), Scheduled Tribes (STs) and Other Backward Classes (OBCs). However, in day-to-day usage in political discourse, the term is so far mainly confined to SCs

(Shah 2001: 17). There is a force of circumstance, which Shah likes not to encounter. It is not class but caste meritocracy, however great or less in degree, which impinges upon identity. This is because, identity and identification are socially inter-linked. Even tribal communities become acceptable as non-Dalits and therefore, as admissible Hindus but not untouchables. It means the notion of civilisational disregard and social exclusion due to untouchability has penetrated every cell of the highly asundered human life in India. Each of the groups which happens to be an organic part of the Varna system is loaded with this notion. Hence, the stigma of untouchability remains to be there ever attached to the SCs independent of the elements allowing mobility across diverse spheres such as education, wealth, power and political position. Therefore, construction of Dalit identity as an inclusive category is not as simple as the construction of epistemological knowledge based on one's own radical dictates and the available supporting historical discourses. The most eminent Dalit scholars seem to employ particular conceptual categories, for their committed purposes, not as theoretical constructs but as living realities.

Gopal Guru speaks about the trajectory of different conceptual categories and creates a context for explaining how multiple identities operate at different levels in the Dalit situation. But, he makes a case for the presence of necessary coherent concern between these manifold identities. According to him, the Dalit, Bahujan, Marxist, all 'these categories belong to the same logical class inasmuch as they share the same positive utopia of creating a society free from coercion, exploitation and dehumanisation' (Gopal Guru, in Shah 2001: 107). Of course, the concordance that he brings out amid these distinct categories is admirable in the Marxist terminology and also in what he calls as 'political arena' but the veracity of such rendition falls beyond the truth that becomes openly visible when these categories virtually interact in a structural setting of Brahminism. Unfortunately, as rightly seen by Babasaheb Ambedkar, the notion of Brahminism is not strictly confined to Brahmins as a class of people. In fact, it is all-pervading and its operation is more aggressively felt in a socio-cultural condition of the so-called non-Brahminism or Bahujanism. Thus, the Brahminism of the non-Brahminism has all the potentials of generating neutralising effects on the class consolidating and homogenising processes. It is this all-pervading Brahminism that should become a matter of serious problem for the Marxist scholars. And from this viewpoint Ambedkar should be seen as the only relevant theorist whether methodologically one accepts him as a scholar on par with Marx or not. Perhaps no one has understood India better than Ambedkar. So, methodological pretext should not become a serious barrier in fully applying Ambedkar to the Indian situation.

In capitalism, you need to destroy only capitalist class spirit of bourgeoisie or the distinction between workers and owners. But, in the casteist set-up, you need to destroy Vaishyaism, Kshatriyism and Shudraism, which are nothing but

extended forms of Brahminism. Castes without Brahminism have no life and they will survive so long as Brahminism survives. Such being the case, you need to annihilate the entire complex of castes and sub-castes whom Ambedkar addressed as 'warring groups' being unevenly possessed by the spirit of Brahminism. Without dismantling the boundaries of caste categories one cannot melt them in the same pot whether Socialism, Bahujanism or Dalitism. As long as non-Brahmins cannot come out in the open against each and every sort of caste discrimination, and from their own caste possessions, there will not be any real union between them and the untouchables. And an identity bereft of social union is farce because one cannot materialise it even in political premises.

Kancha Ilaiah builds up an epistemological conflict between Brahminism and Dalitism. He takes his Dalitism to the highest acme of ideological conflict and accommodates in its realm the synthesis of all discourses opposed to Brahminism. His concern is most genuine but appallingly gives an impression of being far removed from the actuality of the fact. His emphasis seems to be heavily bent upon Brahmins as a class of people rather than proper Brahminism itself whose spirit has been operating throughout the length and magnitude of caste civilisation. What he ignores is multiple contradictions as he assembles those historically floating anti-Brahmin discourses which do not touch the existing ground realities but only help construct the dialectically postulated laws of life. He should have noted the nature of the career of various practising schools of thoughts, which rose against Brahminism. That, it seems, like he resolutely ignores. The only conflicting school that did not cease its fire was Buddhism. It continued its struggle against Brahminism and at the end rather chose to remain at the periphery of the Indian society than join the Hindu bigotry. Only subsequently, it waned away. And the rest of the schools succumbed to the same evils against which they were battling because they became victims of their own essence of Brahminism that they had sustained in their breath. They, therefore, survived but in a distorted and sectional form which was again a new Brahminism. That is how Brahminism functions and persists. To the extent that the essential nature of Brahminism remains unshaken no intellectual effort will produce any authentic effect. And categories and identities bounce backward and build walls around themselves. If you put forcefully all struggling identities together in one container without instilling a single content in them that container will not emanate as an alternative coherent collective image. Naturally, the term Dalit becomes firmly fixed with the untouchables.

Gail Omvedt, in a chapter in this book, fully substantiates the dilemmas of identity when she says: 'Buddhist conversion allowed for a tremendous change in the consciousness of ex-untouchables but did not produce much of a change in their social identity. Almost no caste Hindus followed them in converting, and the result was that Buddhism itself became rather 'untouchable' in India' (Omvedt, in Shah 2001: 150).

Ambedkar should have been as much a popular leader and thinker among the non-Brahmins as amongst untouchables. Ambedkar had espoused the cause of the Backward Classes with equal zeal as in the case of untouchables. The former were benefited in many ways like the latter. Yet, the most burning attachment and the true 'Meaning of Ambedkar' that Eleanor Zelliot elucidates in this book remains confined only to Dalits. Because, so far, socially, Ambedkar himself has remained almost unacceptable to the Bahujans as a common hero. Except Ambedkar every other national hero is acceptable to them. The only reason for this is that he happens to be an untouchable by birth. Thus, while constructing categories and identities, Dalit scholars should check whether they have engaged themselves in producing simulating images rather than veridical images. In that case their immediate action should be to (re)consider the idea of addressing ground realities in the form they exist and then look into strategic possibilities of converting them into their own terms so as to realise their just dreams of revolution, utopia or whatsoever. The most urgent task will be to demolish the strong wall that stands between the social categories of the Bahujan and the Dalit and merge them into one united whole not just rhetorically but in practical reality. They should deeply engage in moulding the mindset of the men and women bound up in these artificial walls of parochialism and design suitable strategies to achieve that end. But the first step towards this end will be to generate an attitude of acceptance, if not reverence, for Ambedkar on an universal plane that he thought and fought against Brahminism of every rank and colour. Only on Ambedkarite plank that one can move towards other ends.

There are many other interesting contributions which flavour this book. Thorat and Deshpande, in their joint effort, attempt 'to bring out economic consequences of the caste system (such as organisation of production and scheme of distribution) in terms of economic efficiency and income distribution' (Thorat and Deshpande in Shah 2001: 46). They are somewhat critical of the studies patterned through the common metal of the Neo-classical approach as according to them either 'all of them ignore or have made only a passing reference to the income distribution effect of the system' (Thorat and Deshpande in Shah 2001: 47). Also, they see Marxist frameworks as particularly lacking 'micro-economic analysis' and allege that since they are based on 'the presumptions of one way causal analysis have created the limited understanding about the interaction between the economic structure and social and religious ideologies' (Thorat and Deshpande in Shah 2001: 49). Making broad reference to Ambedkar's approach they submit that his 'approach is comprehensive in so far as it attempts to fill the gap left over particularly by the Marxists about the interactive role of economic forces and institutions of caste and untouchability. He (Ambedkar) also highlighted the part played by the Hindu religious philosophy in mutually enforcing economic forces and institutions' (Thorat and Deshpande in Shah 2001: 50). After passing through theoretical issues, Thorat

and Deshpande bring out contemporary evidence of the caste-based economic inequality and substantially prove, with facts, how poor access to productive resources — like land and capital, disparities in employment and wage rates, the low consumption and high levels of poverty — continue to be the inner constituents of the life of untouchables. They conclude that even after ‘five decades of independence, with respect to each of the economic variables, the deprived castes are far behind the other sections of the Indian society’ (Thorat and Deshpande in Shah 2001: 50). What becomes unique in their arguments is the space that they provide for the existing congruence between the persisting elements of caste and the pure economic factors, the way they interact and mould each other in a distinct fashion than otherwise they could have done in a plain context of class. At the end of their analysis the overall outcome they obtain is only inequality prevailing in every form of the economic life of Dalits thus allowing the gap to go on between themselves and others.

The second book, *‘Dalits and The State’* also contains interesting pieces of articles. Essentially these articles report about the actual state of position of Dalits and the sort of treatment or care that these people have received from the state as a responsible body. The book begins with a candid overview given by Shah where he rightly makes a case for questioned impasse and sums it up as follows: ‘The Indian Republic has completed half a century. Social and economic inequality is still a distant dream. Sincere commitment to equality and fraternity is lacking. What we have is a lot of lip service and empty rhetoric as vote catching device. Moreover, Indian State is in a process of retreat from the public domain. And, Dalits have put lots of stake on the state intervention for improving their lot, as society on the whole is either indifferent or hostile to their plight’ (Shah 2002: 34). This is enough to grasp the size of succour that the Dalits, so far, have received from the state. But Shah feels thus too: ‘It would be too simplistic to say that nothing has changed in the last fifty years; that the condition of Dalits has remained the same as it was before Independence’ (Shah 2002: 34). What impresses him is the disappearance of ‘crude and blatant forms of social discrimination at least in public sphere’. He attributes reasons for such change to all those conditions, which come about through the greater processes of modernisation. No doubt modernity has created a sort of fluid circumstance but the worth of it is very meagre, seen in terms of its real utility to the Dalits. Untouchables rubbing their shoulders with others on public streets do not mean that they have got some social acceptance. They do participate in the realm of the ‘new public space’ created by modernity. But only to witness its colours and charms, and not to be a part of it or enjoy it in reality, notwithstanding the fact that they themselves have shed much of their blood and sweat into the generation, development and sustenance of modernism. Here, a sheer mirage they ride and fall back on their feet just to be led away towards their

own proper place. The Dalits realise it the moment they are out of the delusions of modernity. The same is applicable to the tiny well-to-do class of people among them although some amount of social acceptance is openly visible in their case. Because, however rich the Dalit turns out to be, due to class neutralising characters of caste, he will not get the due identification which is above the ascribed status of his caste. The rich categories in India always behave as classes within their own given web of castes. Class membership is open only to the members of corresponding castes on account of the tendency to de-recognise the rise of similar classes from amidst other castes. This has produced its own adverse effect on the principle of equality and other values of democratic society. The Dalits, in particular, both as rich and poor, have experienced terrible humiliation.

The questions of untouchability and related atrocities have been addressed at length in this book. An analysis, of both the rural and the urban facets of untouchability, makes interesting presentation. In rural Gujarat, according to Ghanashyam Shah, 'untouchability between the SCs and non-SC workers is observed in as many as 58 per cent villages. The situation was almost the same before twenty-five years. During the last two decades conflicts between SC and other backward castes have increased in Gujarat. And, we observed that members of the OBCs, particularly in Central and North Gujarat and Sourashtra, practise untouchability relatively in more spheres than Baniyas and Brahmins' (Shah 2002: 142). Similarly, he complains that 'atrocities against the Dalits have increased during the last twenty five years'. P S Krishnan, Rathod and Vijaya Kumar have given vivid instances of atrocious acts committed on Dalits and the working of the *Prevention of Atrocities Act 1989*. Eventually all agree on the point of the blatant failure of the law to protect the interest of the Dalits and the constraints they face in realising the justice due to them. Ramesh Kamble provides urban account of untouchability. He sees in the urban context of Bombay a clear caste bias but contends that in spite of 'segregatory experience both in employment and settlement and the fact that they (untouchables) remained labourers engaged in impure and menial, and unskilled jobs, the possibility of wage employment meant relative freedom from the servile social relations of work in the rural set-up. This independence from exploitative and oppressive rural milieu provided impetus for their movement for self-dignity and struggle against the caste system' (Kamble, in Shah 2002: 177-78). Nevertheless, the plight of scavengers and sweepers still happens to be severely despicable. Those of the untouchable castes who moved to the cities and took up these jobs became ever immured in them with no possibilities of finding escape roots from them. Some of the families keep passing on these menial jobs to their immediate next generations, as these jobs are easily available. And as most of the children belonging to scavengers hardly get any schooling end up taking only their parents' occupations. Moreover, not only from the traditional viewpoint but also by their very nature such jobs are mean and

stigmatised. Hence, even in a most complex city set-up scavengers prove to be socially highly debarred and shut out. Indeed, they are yet to breathe the free air of democracy and find out what it meant to them.

The dreadful inhuman conditions that scavengers live in have been uprightly reported by Susan E Chaplin in her essay, 'Scavengers: Still Marginalised'. She refers to 'Scavenging Conditions Enquiry Committee report and quotes its members to have found the following: 'The conditions at some of the places seen were so nauseating that a few of the members, in spite of having been accustomed to visiting the filthiest spots in the towns, had vomitings. A few of the towns in the country were so filthy that they could well be called 'Big Latrines' (Chaplin in Shah: 2002: 213). The committee also 'found that the very design of latrines meant that scavengers always came into direct contact with night soil and therefore constantly had soiled hands' (ibid.). 'Addressing the "heinous practice" of carrying baskets of night soil on the head, the committee found that the best system must be a mechanical one' (Chaplin in Shah: 2002: 214). Yet, nothing so great happened after its revelations. Notwithstanding these facts of life of the scavengers the state still seems to be too insensitive to their problems. Of course, since a decade or two some amount of change is taking place among scavengers, as a few of them have become literate and slowly taking up some other avenues of life. But such avenues are also of a very low rewarding kind. According to Chaplin, because of educational backwardness job mobility is completely lacking among the Bhangis. Instead, their dependence on scavenging occupation has increased over the years. 'In Maharashtra in 1961, out of the total employed Bhangis, 29.4 per cent were employed as scavengers but that figure shot up to become 43 per cent in the year 1981. Thus, while urbanisation may provide more job opportunities, it also means more scavenging' (Chaplin in Shah: 2002: 225). All that means till now 'scavenging remains a complicated socio-economic problem, which not only requires adequate funding for its redress, but needs "radical change of mental out-look" by Indian society' (Chaplin in Shah: 2002: 236). The prospects of which, however, appear far remote. One has the doubt whether these people will ever cease to be seen as lesser human beings. And in various degrees such situation is equally applicable to all the Dalits, given the fact that irrespective of whether urban or rural background, untouchability works in its own fashion depending upon the circumstance in which it is working. Many of its subtle forms do not necessarily lead to social discrimination but certainly cause severe deprivation from most of the better areas of making life decent and dignified. Such forms do not find much reference in various studies of untouchability but they do need to be analysed properly. With respect to the land situation of Dalits, Thangaraj has given a very good account. But, he seems to concentrate more on mechanical aspects of land availability and its use. He should have been somewhat critical in bringing out even deeper realities of the land position of Dalits.

In some pockets of the country even those who own small bits of land are counted as marginal farmers among the Dalits. Such households do not bother to cultivate the land at all and only use it as the family's burial ground.

Thus, it is very difficult to grasp and gauge the Dalit situation in its totality. For that matter, in terms of any prominent human development indicator - literacy, education, health and so on - Dalits lag far behind the others. This is a well-known fact, as various human development reports hint out through their stiff figures. At the same time, if we are to look at the overall performance of the Protective Discrimination Policy (PDP), the effectiveness of it has come under critical attack too. There have not been many systematic and complete studies on the results of PDP. Yet, some studies on reservation provide ample information as to the question of the working of this policy. Gaikwad has made one such study entitled '*Protective Discrimination Policy and Social Change*'. While writing the foreword to the book by Gaikwad, in consonance with the author's views, Ghanshyam Shah firmly specifies: 'Potentiality of Protective Discrimination to accelerate the process of Social Change has come to an almost dead-end' (Gaikwad 1999: viii). Of course, Shah looks at it from many other viewpoints including the one seen in a context provided by the demand for separate quota by a few Dalit factions. But more pinching is the fact that, at the level of the implementation of the provisions of PDP, a lot of loopholes and lacunas glare. Caste composition of employees in state and central governments, public undertakings, nationalised banks, universities, and aided schools and colleges give a grim account of the maintenance of the proportion of posts meant for the SC/ST communities. Excepting political seats, the SC/ST representation in all other reserved areas is completely scanty. So, there is no full-scale realisation of the benefits, so far so greatly projected to have been received, by SC/STs under the provisions of the PDP. It was expected that the PDP would transform the entire status position of the SCs. But, social discrimination seems to be imminent almost in every layer of life as, according to Gaikwad, even 'well educated and well placed SCs are also not an exception to the discriminatory behaviour of the caste Hindus. To them the SC individual and his or her achievements made no difference' (Gaikwad 1999: 144).

A K Lal, a reputed sociologist, brings in a different dimension in his edited book '*Protective Discrimination: Ideology and Praxis*', where many scholars have contributed papers. He feels: 'Downward percolation and wider horizontal dispersal of its (PDP) benefits tend to be elusive (because), reservation in spite of being an unavoidable necessity is unworthy of acquiring an unlimited spread. It has to be a secondary option to be used as a support for the essential strategies for structural social transformation' (Lal 2002: 12-14). He, therefore, suggests 'exit system to be evolved for the exclusion of the privileged' so that benefits descend down on the really deserving ones. Conversely, Sachchidananda observes: 'Protective

discrimination has belied the hopes of its protagonists. Even Ambedkar conceived of it as self-liquidating device. It was hoped that the reservation would soon bridge the gap between the deprived groups and others. However, it was not realised that the non-reserved groups would also develop and at a much faster rate than the scheduled castes and as such the distance between the two would continue' (in Lal 2002: 35). Also, he notes that 'to some extent reservations have slowed down the growth of militancy among the deprived groups as the leadership produced in the process has tended to be unresponsive to the community of its origin' (in Lal 2002: 35). Hence, dilemmas preponderate over the proper utilisation and proliferation of yields of the PDP. But, it is not so easy to show the exit door to the so-called privileged among the Dalits as they too are equally subject to social discrimination and depriving tendencies of caste. Also, these privileged ones will not be able to compete, even being competent, outside the framework of reservation as caste biases will always come on the path to their competitiveness. Then, such strategy needs to be designed so that the privileged retain their status as SCs but at the same time give up claims on reservation so long as they continue to be better off among all the SCs. This arrangement should continue as long as caste continues and until the total transformation of Indian society takes place. Towards that end the better off and the enlightened ones among SCs should work and shoulder the responsibility. And with the exit of caste, may be the very policy of reservation would also exit. But the sad part of the story is that the privileged Dalits have forgotten the roots of their communities from where they have drawn the entire energy to transform themselves into a position that they are in now. Their rootlessness has threatened the primary impulse of the Dalit collectivity towards its integrated liberationist goals. Due to loss of collective conjunction they too live in fear, isolation and anxiety to preserve their seemingly acquired new status position.

Amidst the dilemmas of caustic experiences of the state-sponsored protective measures, assertive actions also exist within the frameworks of both the cultural historical traditions and springing modernity processes. Such assertive actions are traced in the moves of both the Dalit individuals and their collectivities. Very few studies have recorded the trends of this kind. One outstanding piece of work in this respect is by Saurabh Dube, namely, '*Untouchable Pasts*'. Knitting together scattered knowledge, collected from various written records and oral heritage of the Satnampanth, Dube etches an excellent narration of the formation of the new Satnami community by a central Indian untouchable Chamar caste. 'The Satnamis developed a repertoire of myths, a part of their oral tradition, which centered on the gurus. The myths drew upon and questioned the relations of power constituted by the ritual hierarchy of purity and pollution.' (Dube 1998: 13). It was Ghasidas who founded the new sect of Satnampanth in the early nineteenth century. 'The organisational hierarchy of Satnampanth, presided over by the guru who

combined the twin, inextricably bound characteristics of the raja and the embodiment of the truth of satnam served as an alternative ritual and symbolic power centre to dominant groups and their network of relationships with service castes. Over the nineteenth century, the group also fashioned modes of worship that combined the accommodation of the beliefs and festivals shared by the village with the creation of new divinities, which challenged the tenor of upper caste Hinduism' (Dube 1998: 13). It is sheer contention over the exploitative but infallible body of caste precepts that had driven these Chamar castes to seek solace in their own counter religious revolution which rejected Hindu sanctity in all of its forms. Although Satnampanth had drawn its impetus from sects such as Kabirpanth, in mood it proved to be highly aggressive as it even threw away several of the Hindu Gods and Goddesses 'who were active members of the cosmic order, the beings who defined and sustained a divine hierarchy' (Dube 1998: 44-45). 'The rejection of these deities and the authority of Brahman specialists of sacred, of temples and the Hindu puja (worship) offered in them was accompanied by the call to believe only in a formless god, satnam (true name). The new sect was called Satnampanth and its members, Satnamis' (Dube 1998: 1). The sect has not lost its fire but has become most enduring. Also there have occurred transformations in the mythical recitals and identity deriving claims of the satnamis. There are several such instances of cultural assertion by untouchables.

Badri Narayan has presented a similar type of exemplar in his book '*Documenting Dissent*'. He offers an interesting portrayal of Dusadhs' claim for new caste title running through their folk ballads and songs whose contents they present every year in a fair in the form of a play. The performance of a particular story of love between Chuharmal, a low caste Dusadh hero, and princess Reshma, a beautiful daughter of a local Raja belonging to Bhumihar upper caste in Magadhi and Bhojpuri regions of Bihar, makes an exciting case for pride and outrage. 'For Dusadhs it is a story of their glorious past and the rich traditions of their community. But the Bhumihars receive it as a conscious attempt by the lower castes to insult them. The manner in which the story is remembered by the Dusadhs, makes it constitutive element in their identity formation' (Narayan 2001: 23). Wherever this drama was played it created terrible tension between higher and lower castes and often the lead role player was shot dead. According to Narayan, in the year 1978, in the interior area of Aurangabad about five murders took place in the wake of the performance of this play. The simple cause of contention was that this 'folk legend is a symbol of victory of Dusadhs over the Bhumihars. While feudal forces are trying to erase this story by the barrel of the gun, the lower castes struggle to save and preserve it' (Narayan 2001: 23) in the memory of the larger society. Also, the 'Dusadhs, who relate themselves with Chuharmal, have contesting claims about their historical past and identity. Some of them claim to be descendants of Dushasana.

Some others claim to be the offspring of Arjuna and Chitrangada. A larger group of Dusadhs, however, under the newly emerging Dusadh elite began to call themselves as Gahlot-Kshatriya' (Narayan 2001: 29). An identity of a Gahlot-Kshatriya is a mythological claim and is traced to a Suryavansh Kshatriya whose mother, after her husband's death in a battle fled to mountains and gave birth to him in a Guha (cave) and therefore, he was named as Guh. How far have the untouchables been able to receive due recognition to their identical claims is a matter that has always been inimical to settlement. But, such claims prove to be historically important because they symbolise continuing and existing central cultural conflict between untouchables and other higher castes both for cultural supremacy and superiority of each over the other.

Several other modes of assertion are manifest in the actions of untouchables as they attempt to further their motives of elevated images and practically opt to uplift themselves from the vagaries of their lowliness and fixed socio-economic positions. Some such ways of doing are most modern as well. Simon Charsley and G K Karanth, in their edited book, '*Challenging Untouchability*' present a very systematic empirical account of Dalits as to how they have made sustained efforts to overcome the shocks of untouchability despite being heavily constrained by many settled deterrents of caste. The stigma of untouchability and shadows of its corresponding exploitative features still haunt them yet. According to these prominent sociologists, untouchables have made much dent into the avenues granted by the new constitutional order of the society. Briefing about the evolution of the state-sponsored action on inherent discriminatory tendencies of the Hindu society, these authors attempt to analyse the behaviours of various castes as responding categories as they interact in the total range of the term 'state action'. What they discover is a peculiar situation prevailing in Karnataka where a few of the semi-untouchable communities figure in the scheduled list of the castes for the constitutional benefit of reservation. Hence, they contend 'there is, therefore, no unitary or standard Scheduled Caste' (Charsley and Karanth 1998: 40). But, they forget to specify how such categorisation has brought into being a sort of unequal competition causing regular elimination of the real untouchables from certain given opportunities of job or political reservations. Their book registers the upwardly mobilising experience of untouchables studied in seven different villages in Karnataka State in terms of overcoming domination, subordination and achieving autonomy. The hovering trials of Sankritisation seen in acts such as giving up the practice of eating of carrion and beef and adoption of values of high caste Hindus to earn their admiration also find ample space in the book. But the editors rightly conclude that 'when it concerns the untouchable castes, Sanskritising attempts seem usually to have had little effect on their social status' (Charsley and Karanth 1998: 88). On the frontier of occupation, Charsley and Karanth affirm that Brahminical values still

prevail since the notions of purity and pollution continue to influence its nature. The editors say: 'in the villages we have studied it is handling of dead cattle and processing of their hides which is chiefly relevant. We have indeed frequently found that such work has been given up, perhaps to the benefit of self-respect but not in favour of any status-giving alternative. Falling back exclusively on agricultural and other kinds of village labour leaves the people in the same dependent and low ranked position they previously occupied... (Hence) We have not found any reality at the village level for the Gandhian vision of a Hindu society in which traditional occupations would be maintained but valued equally' (Charsley and Karanth 1998: 290). However, wherever Brahminical values become unnecessary, it is claimed, traditional occupations deemed as polluting are also pursued provided they brought more reward 'as is the case with urban Dhors, tanners by profession and Samagars of Jenubhavi' (Charsley and Karanth 1998: 290). Individual enterprising careers have also been recorded at length. For example, Simon Charsley illustrates the story of 'Kenchaiyah, the first Harijan reeler'. Of eleven of his children, 'one daughter, who works in a bank, is married to an engineering lecturer in Bangalore, another a teacher married to an employee of a leading tyre manufacturer in Mysore. The eldest son works in a private factory in Bangalore and the second is a cashier with the government leather -promotion organisation in Shimoga. Here, therefore, is a family severing its links with the village and displaying a marked shift towards the regularly employed, city-based middle class. They did, at one stage, attempt to set up a reeling business in the village, but, like so many others, it quickly failed. It has been educating the younger generation which, as a strategy for upward mobility, has shown success' (Charsley and Karanth 1998: 229). However, as other arguments corroborate, uncertainty over assured opinions intersects too. And it is particularly true of caste-protected social and cultural positions. Karanth argues: 'even urban-employed young men who are in a better and more independent economic position prove no exception in submitting to cultural domination by the upper castes' (Charsley and Karanth 1998: 99). He cites the case of urban employed Mara and says, 'when Mara was excommunicated, no one from among his caste offered him support. When, a few years later, they did finally enable him to be accepted by the village community, this in effect acknowledged and reinforced the forms of cultural subordination' (Charsley and Karanth 1998: 101).

Now, after having quietly gone through some of the submissions made through a few of these most important works on the modern Dalit situation, one is left in a quandary to form inconclusive conclusion as to what has really happened to the Dalits in India. No doubt as the motivation to usher in a new social order started operating through the basic ideals of the constitution, efforts towards that end gave rise to several trends which could lead to transformation of society in India. But, the nature of transformation is not very fair as to make the complex social air

free from the contradictory smokes. While the traditional prime structural modes such as caste inequality, untouchability and exploitation continue to hold sway over basic elements of democracy, tenets like liberty, equality, fraternity and justice have turned out to be highly farcical. The result is a strange confusion. On the one hand, glaring changes are witnessed and, on the other, a touching stagnancy is felt. In this riddle is locked the question of emancipation of untouchables.

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Book Reviews

Dwaipayan Bhattacharyya, Niraja Gopal Jayal, Bishnu N. Mohapatra and Sudha Pai (eds.). *Interrogating Social Capital: The Indian Experience*. New Delhi: Sage Publications. 2004. Pp. 335. Rs. 680.

The last decade has witnessed a burgeoning of literature on 'social capital' highlighting a number of theoretical [dealing more with conceptual clarity] and empirical issues. Even after elaborate discussions, deliberations and writings, the concept of social capital still largely remains elusive, with many different ideas attached to it (Quibria 2003). Different writers have defined social capital in different ways. The concept 'social capital' is understood in terms of 'network among individuals in a group' (Bourdieu 1986), as a 'function' meaning it is not a single entity but a variety of different entities [Coleman 1988], all depicting largely individual perspectives. However, the community perspective of social capital led by Putnam [1993] has emerged as a dominant paradigm in the literature. His concept of social capital is more expansive than others and it refers to 'features of social organisation such as networks, norms, and social trust that facilitate coordination and cooperation for mutual benefit'. Following Putnam's work on social capital, there have been a good number of studies trying to apply and measure social capital in the context of respective countries, be it developed or developing. The book under review is a similar exercise carried out in the Indian context.

The empirical findings of the studies, conducted in different states of the Indian Union, having equally different socio-economic, political and cultural milieus, reveal many different notions of social capital, as understood and practised and thereby examining many diverse societal issues. The research studies have tried to analyse the application of social capital through the functioning of democratic political and civic institutions. Some of the findings of these studies have serious policy implications to note that the formal institutions like panchyats, joint forest committees and various other similar committees have, in a way, acted as 'stumbling blocks' for establishing social capital among the social groups and communities. This, in fact, may go seriously against the basic principles of grass-roots level democracy wherein the institutions like ward sabhas and grama sabhas have been seen as strategies to establish social capital. For instance, the role of grama sabhas, especially in tribal areas, is seen greatly in terms of mobilising locals as one community and entrusting them with all powers of protecting the forest resources. Notwithstanding this, if one takes the findings of these empirically tested studies seriously, an important issue that arises is with regard to the very need of these formal institutions to promote and nurture indigenous institutions which have a tendency to come together to work as a group or as an association, for their better

living and general welfare. Some related issues that arise are: Can the government functions be exclusively carried out by the NGOs and CBOs? Do we need costly state-centred structures to implement these functions? Can we not increase the participation of resource users more in governance activities? These issues need serious attention of the policy makers and researchers.

The disturbing trends mentioned above might have influenced the minds of the editors, as the very title of the book indicates that the exercise undertaken by the scholars is more towards questioning the very concept of social capital, whether it can be applied in an Indian context based on the variables and indicators expounded by Putnam in his study of Northern Italy. The empirical studies, in fact, come out with interesting and equally differentiated account highlighting the limitations and intricacies of applying and explaining a social phenomenon or an association or a community movement in an Indian context. As spelt out in the introduction, “these studies in their attempt to explain fragments of India’s democracy make a critical application of the idea of social capital to capture both the state and the society, with all their complexities, within their analytical focus”(p.25).

The authors of the papers in this volume, drawn from different disciplines, have made a scholarly effort through their empirically- driven studies, to demonstrate the fact that in an Indian situation, the socio-economic and cultural happenings, and equally different environment setting hardly provide a space for social capital though they exhibit internally a strong bondage or a binding or a net-working due to homogeneous caste, native, group or community factors. While delineating such facts, the findings of most of the studies point out the negative or de-motivating role played by the formal structures or institutions in upbringing or nurturing social capital, which already exists among social groups and communities. In doing so, the essays in this volume trace the democratic change of social capital outside the domain of civic community and, simultaneously, they highlight the regressive effect of formal structures on community-based collective action. The terms of transaction between social capital, on the one hand, and civic community and formal democratic institutions, on the other, are not standardised or even uni-directional. The essays illustrate how the introduction of formal structures of governance causes a schism within the social groups and even leads to a depletion of the social capital necessary for generating collective action.

The nine essays make an interesting reading and highlight the complexities that are prevalent in our pluralistic, paternalistic and heterogeneous society and their powerful implications for rural governance. The studies also depict how difficult it is to apply any borrowed concept or theory in such a society still governed by primordial loyalties, customs and practices. This apart, the functioning of political and social institutions is still under the stranglehold of the rural elites despite the State’s intervention to break the same through the policy of positive discrimination, for example, the reservation of seats in panchayats.

A close look at some of the essays authored by Sudha Pai, Niraja Gopal, Bishnu Mohapatra and Nandini Sundar reveal that any attempt to bring in social capital among the communities is almost thwarted and hindered by the existing internal differences and bickering caused mainly due to externalities. This is despite the fact that these communities do have a solidarity to fight against the onslaughts committed by the upper and middle classes and government machinery. To quote from Sudha Pai's paper, "...that social capital exists, but *within* and not *between* segments in rural society..... The incapacity of social capital to bridge segmentary boundaries, has hindered collective action among all caste groups, specially the poor, greater participation and democratic functioning of the Panchayats. This is because the components of social capital are different from those in Western societies, where the emphasis is upon equal citizens participating in public life for the common good"(p.61).

A most distinctive learning from the studies presented in this volume is the way the social institutions like caste groups in Uttar Pradesh and teacher leadership in West Bengal, which were once regarded in high esteem, find themselves trapped and polarised due to the intervention and influence of external factors, mainly political factors, and how they became degenerated or derecognised in course of time under the watchful eyes of a common man and ultimately, how it affected the sustainability of social capital. However, in contrast to this, the experience of Kerala is an eye-opener to the world that well-organised and ideologically committed movements or associations make people assert their rights and entitlements. This study, conducted by Ashok Swain in Kerala, which is almost a comparable study with that of Putnam's, provides a comprehensive account of strong internal democracy that is prevailing in Kerala and the way it has been very effectively utilised by the public. The success of protest and social movements is attributed to coordination or networking of various groups and associations and this vigorous associational life has contributed immensely to this group coordination. This learning needs to be underlined by other states in India, as this has been seen as *sine-qua-non* of social capital. On the concept of associationalism and its usefulness, Susanne Rudolph's essay provides a critique on the same. In fact, the author raises a pertinent question, Is Civil Society the answer for the social capital? In answering this question, the author puts forward some basic issues concerning associations. What type of associations are likely to generate habits of mutual trust and collaboration. And, not all associations are likely to do so, and that needs criteria of distinction. While emphasising the prominence of civil society in changing global situations, the author feels that "In an era of transitions to market economies and political democracies, civil society is said to provide the social capital, the trust, the cooperation, the legitimacy, that make market relations and pluralist politics possible"(p.117).

Experiences of social capital in the school atmosphere sends negative signals which are due to structural and operational problems. Manabi's study warns about the steady erosion of the governmental schooling system resulting from increasing social distance between the students and the teachers that has grown over time, lack of civic engagement with schooling matters and lack of collective pressure, especially in rural areas, for bringing changes in schooling governance. All that we need is a civic-minded citizenry and state actors to make quality education a socially and legally sanctioned entitlement of every Indian child. However, the author cautions that this will be an uphill task if people cannot trust each other and work together.

The social capital is also affected due to lack of devolution to carry out activities such as joint forest management. Nandini Sundar has clearly brought out this aspect in her study on devolution and social capital. The author feels that the failures of inadequate and poorly carried out devolution, especially in the form of specially created 'participatory committees', are often blamed for the lack of 'social capital' among villagers. This is because of the fact that officials, who hardly represent the wishes of the forest users, tightly control the participatory committees. This is despite the fact that the forest users clearly have the kind of social capital that is necessary to manage their forests but this has not been translated into the formal system. The social capital can be strengthened provided the participatory committees are devolved with more teeth powers to manage and protect forest resources.

Measuring social capital has been a critical issue as there are some problems in doing the same. It has been observed that while physical and human capital can be measured and their rate of returns calculated, such rigorous measurements are much more problematic in the case of social capital [Solow 2000]. In the light of some conceptual and measurement problems, many economists are reluctant to label social capital as capital. Such an attempt is made in this volume for measuring social capital across the Indian states. Peter Mayer's essay tries to establish a linear relationship between the performance of states with that of civic engagement in those states. The conclusion that the author draws is that the lesser performed states will have lesser involvement of civic community and *vice-versa*. It means that the institutional performance of state institutions is measured by the extent of involvement of civic communities. Hence, the author concludes that it is the human capital that builds civic community rather than social capital and the state should strive hard through its policies and programmes like universalisation of education to develop human capital. In a similar tone, Renata Serra also makes a strong case for promoting education as a means to mobilise capital. Education as an intervening variable and also as a key variable can enable high participation, mobilisation and effective interaction with the government for promoting democracy. Education, taken as a key variable, can explain the performance of the different

states. However, there are three problems for measuring social capital in the Indian context, the author feels, and they are: finding appropriate measures for social capital due to greater complexities of societal features; locating alternative indicators which can be used as proxy for civic behaviour; interpreting the statistical association between social capital and state performance which is described as complex and dynamic. Hence, intervening variables are required to explain the differences among the states and the extent of social capital that has taken place.

Overall, the essays, while providing a panoramic view of social capital, demonstrate that civil society in India is interceded by unequal relationships of social hierarchy, power and domination. Hence, there are limitations of deploying a theoretical construct such as social capital in such circumstances. But the volume should have ended with some end notes by raising some conceptual issues, a policy perspective and more importantly, some discussion on how to measure social capital, which is still a potential area, both for theoretical and empirical exercises. Notwithstanding all this, an important underlining message that emerges from the studies is that the concept of social capital is yet to be termed as a universal phenomenon in social sciences because it has come to signify different things to different social scientists. As a result, the concept has remained largely amorphous and lacks the clarity and precision required of a concept to be used for rigorous empirical work. Recent works in economics have reflected the heterogeneity of perspectives, focussing different aspects of social interactions and drawing distinctly different analytical and policy implications (Quibria 2003). The book makes an interesting and captivating reading and it is quite handy and an authentic source to all social science researchers, practitioners and policy makers.

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Kanchan Chopra and S.C. Gulati. *Migration, Common Property Resources and Environmental Degradation: Interlinkages in India's Arid and Semi-arid Regions*. New Delhi : Sage Publications. 2001. Pp. 163, Rs. 350.

The environmental Kuznets curve hypothesis postulates that higher levels of consumption, beyond a point, are accompanied with lower levels of environmental degradation. The question the book attempts to answer is – Do all developing countries necessarily have to pass through the earlier part of the Kuznets process with rising incomes resulting in environmental degradation? The answer is that this need not be the case and some kind of ‘leap frogging’ is possible by the adaption of greener technologies and that it is “hazardous to accept highly simplified constructs such as the environmental Kuznets curve” (P.14) The ‘leap frogging’ process can be done through various means including efforts to improve the ‘carrying capacity’ of the land. This includes efforts by non-governmental organisations (NGOs) in which attempt is made towards the creation of well specified property rights so that environmental degradation can be minimised and therefore, out-migration reduced.

The second Chapter attempts to answer the question - what is the magnitude of the land on which different levels of unspecified or unimplementable rights exist and therefore, is an area where correction of property rights is conceivable? The authors point out that the lacuna in the existing data sources [Agricultural Land Use Statistics (ALUS) and Agricultural Census] is that there is no distinction between private, communal, open access and State ownership and the authors develop a methodology to estimate private land to which common access may exist (PLCPR). The estimates of the authors are that this ranged between 4 and 32 per cent in the early 1990s excluding the outliers of Himachal Pradesh and Rajasthan. The hypothesis as to whether the creation of welldefined property rights as a consequence of appropriate institutional arrangements leads to an improvement in the environment and the out-migration is minimised has been tested in Chapter 3. The testing has been done in two ways – (a) Econometric analysis of a large database extracted from the secondary data ; and (b) study of in-depth experience in property right changes in smaller states. This has been done for 89 districts in the arid and semi-arid regions of India using factor analysis. The variables include various demographic, developmental and environmental variables.

The conversion of open access resources into CPRs is the key in determining the relationship between environmental degradation, poverty and under-development. The hypothesis tested is – “institutions focusing on changes in property rights have stronger impacts on environment and migration” (Chapter 4: 73-74). This has been examined in the context of the work of the NGOs - Sewa

Mandir and Ubeshwar Vikas Mandal in Rajasthan. A composite index of environmental improvement has been used (variables include rise in groundwater table, increase in survival rate of trees, decrease in illicit felling of fuelwood, cutting of fodder and decrease in population of sheep and goats) along with an index of migration to test the hypothesis.

After providing a profile of the six study villages in Chapter 5, Chapter 6 tests the hypothesis relating to the impact of alternative levels and modes of institution creation by using household and village level data. The magnitudes of participation are quantified and the analysis conducted using a single equation framework using either Ordinary Least Squares (OLS) or Logit. The emerging results are quite predictable and in some sense ‘common-sensical’ in nature – (a) Participation in the creation of common water resources is generally higher among the set of households owning more private land and cattlestock, and households with more private sources of irrigation do not come forward to participate in the creation of common water resources ; (b) complementarity and ‘better’ participation in the creation of common water and land resources. A ‘hopeful’ finding is that — (c) the process of distress out-migration gets decelerated or stalled whenever the creation of common property rights appears. A clear policy implication flowing from the study in contrast to more depressing findings of Bauman and Farrington (2003) is that there is a clear relationship between people’s decision to migrate to whether where Common Property Rights are well or ill specified (Chapter 7).

This book will be extremely useful to researchers, especially those who embark on testing various hypotheses generated from the case study literature using the data set available from the NSSO (1999) and the unit level data that are obtainable from the National Sample Survey Organisation office in New Delhi. The authors need to be commended for their effort and hopefully, the book would play a catalytic role in encouraging young researchers to contribute further in this arena.

Notes

- ¹ The characterisation of the results as ‘common-sensical’ is based on the doubt that I have on whether such results could have been reached even without having to resort to econometric techniques. This is raised as a concern so that researchers can become aware and ‘sensitive’ to the limitations of econometric techniques.

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**Reidar Dale. *Evaluating Development Programmes and Projects*,
Second Edition. New Delhi: Sage Publications. 2004. Pp. 213. Rs.
350.**

Reidar Dale has attempted in this book to break free from the shackles of the 'dominant' evaluation school, which tends to isolate itself from the world of planners and implementers. Although the latter have matured sufficiently to go beyond dimension so as to include the economic and socio-cultural dimensions, evaluators prefer 'reinventing' the programme theory to find out 'what works for whom under what circumstances'. This approach has often led evaluations to making little difference in real-world situations.

As the title of the book suggests, the main focus is on 'evaluation' of 'programmes and projects' for 'development'. The author distinguishes between two types of development – 'means-ends' structure of development and participatory development. Dale finds that *value rationality* gets ignored in the former because the stakeholders in them are considered merely secondary in the processes involved in the implementation. In contrast, 'participatory development must and should be value-rational', Dale argues. Because, for him, development programmes are 'purposeful organised thrusts', which when undertaken should ensure that the many and diverse stakeholders share at least the basic ideas about what should be achieved and what is to be done to that end.

Dale's principal concern is to drive home the point that 'planning' and 'evaluation' are merely different ways of looking at the same issue. This is a running theme throughout the book. He argues that there are clearly evident links between modes of planning and of evaluation, links that have been sadly missed by the proponents of the reigning evaluation school. In planning, for instance, one needs to conceptualise and specify the mechanisms by which resources and specific tasks are intended to be converted into benefits reaching the intended beneficiaries. Likewise, in a typical evaluation one explores and documents whether or not these processes materialised, and if they did, the extent. Both planning and evaluation, therefore, involve an analysis of the contextual factors. Such an analysis is particularly important if it pertains to participatory development.

Evaluation is different also from monitoring and appraisal, although often enough, the three terms are used interchangeably. The key variables (or what Dale

calls the 'analytical categories') necessary to undertake evaluation are the relevance of the programme, its effectiveness, impact, efficiency, sustainability and replicability. Dale dwells on each of these categories considerably, specifying which of them is important at different stages of evaluation, as also the factors on which they are dependent. Although these categories are widely considered to be the most basic ones in evaluation, not all are given equal importance by the evaluators. The evaluators' bias in choosing the variables accentuates the divide between planning and evaluation. Dale does not give any clues about how the bias may be overcome. His purpose here is rather limited - *'I hope that my efforts to define terms well, and to use the terms in accordance with these definitions, will be helpful well beyond the reading and understanding of the book'*, he mentions. Dale's efforts are commendable, but it is not clear how they help us beyond understanding the book. To what extent then has he moved away from the 'dominant school' of evaluation?

Evaluation is markedly different from either simple appraisal or monitoring also because it extends to cover the assessment of organisational ability as well (recall that all development programmes are organised thrusts). Closely related are the concepts of organisational and institutional capacities, which are also explored in the book.

The process of evaluation is actually about describing, judging and explaining what has been done, how it has been done, what has been achieved, and what prospects of options exist for the future. The links between past and the present situations are, therefore, constantly in focus. With six hypothetical scenarios of evaluation, Dale describes the different modes of analysis with a view to demonstrating how these links can be established. This exercise, while giving a 'theoretical' picture of what is involved in evaluation, would have been much more fruitful if it had been based on a few 'practical' examples.

In the section on research methodology, Dale describes at length the types of data (primary and secondary), approaches to and the methods of collecting data (quantitative and qualitative; document examination, participatory and collective analysis, interviewing, etc), and methods of sampling. The author sticks to the conventional content and style of writing on the subject, which is a bit of a let-down. Since he mentions earlier on that the links between planning and evaluation emerge also at the level of methodology, one hoped to see illustrations from the real world that would demonstrate this point. But, as in the previous sections, he dwells merely on the theoretical aspects.

Dale explains two economic tools used in evaluation - cost-benefit and cost-effectiveness analysis, and their relative merits and demerits. It is disappointing, though, to note that he reduces the tools to merely a question of cost. Most donor-driven development projects fall in the category of participatory development, and if they, as he says, have to be 'value rational', both cost-benefit and cost-

effectiveness analyses are inadequate tools of evaluation, because they do not allow for the participation of the stakeholders.

The concluding chapter is a bit of a puzzle. Although it *concludes* the book, it doesn't provide a satisfactory *conclusion* to the main theme discussed in the book. In this sense, it is as much a stand-alone chapter as the others. The author introduces here, for the first time, the fact that the development projects referred to in the book are chiefly the donor-driven projects, and usually, the agencies themselves undertake the evaluations of these programmes. He gives details of how such projects are undertaken and evaluated, stressing on their elaborate legal and organisational framework. An important point made here is that most evaluations are seen as an administrative requirement, and their usefulness is almost a non-concern, indicating a vast scope for improvement in the area of evaluation.

The book is quite comprehensive at the conceptual level, clarifying conceptual nuances using boxes, flowcharts and other visual aids. On the flipside, the reader gets weary with the excessive attention given to defining and explaining various terms and distinguishing one from the other. As pointed out earlier, if only Dale had provided some examples from real-world projects and their evaluations, the theoretical concerns that he expresses in the book would have lent more credibility.

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Jeffrey James. *Bridging the Global Digital Divide*. Cheltenham, UK; Northampton, MA, USA. 2003.

The advent of Information and Communication Technologies in the twentieth century has indeed metamorphosed the lives of individuals all over the world. The baggage of dynamic changes and hopes it has brought is unlimited and as a result of it, its application in the economy and in the society is far reaching. What make these technologies interesting are their constant innovation and ubiquitous nature. Their presence in our ordinary lives cannot be ignored. Apparently, it has in its package a set of adversaries too. For instance, Information and Communication Technologies [ICT] have given rise to the 'Digital Economy', thus globalising the world economy. But these technologies have also led to 'Digital Divide' further penetrating the already divided world of 'haves' and 'have-nots'. The book in hand adds to the discussions on 'Digital Divide', which is happening world over as a result of these new technologies.

Digital Divide is one of the burgeoning problems we are encountering due to the uneven flow and dissemination of information and communication technologies both at inter and intra level. The author has systematically analysed the problem and has attempted to arrive at a possible solution enabling us to tackle the problem. While the first part in the book discusses the problem and its perspectives, the second part of the book centres on bridging the global divide. Chapter one deals with the perspectives on the role of technical change in the convergence and divergence in the global economy. The technological assumptions prove to be a poor description of the convergence in the developing countries. As a result the assumptions about technical change leading to a divergence are more valid.'

The second chapter centres on the vast inequalities in research and development in both rich and poor countries leading to yet another gap called technological gap. The Research and Development in ICT-based industry is largely concentrated in the developed world. Secondly, developing countries are often used as platforms to cater to the needs of developed nations at a low cost. For instance, an attempt to fulfil the needs of the multinational corporations has given rise to Business Processing industries (BPOs), which is indeed a growing industry in developing countries like India and has immensely contributed to the economy. The author also mentions the brain drain, which has been accelerating in the last decade in developing countries like India.

The third chapter deals with global information infrastructure focusing on Internet. Internet has evolved as a global information infrastructure in the last decade. One is witnessing these changes in the developing countries also. There have been various successful cases in various parts of India where Internet is the key infrastructure. India is at a stage where low-cost computers are already produced on a large scale. However, the author's stress on use of the discarded computers, which are e-waste of the developed countries, for the potential benefit of the developing countries, is debatable. The views put forth by the author strongly show his bias towards developed countries and he undermines the potential of developing countries to produce low-cost computers and their application.

The fourth chapter delineates several forms of low-cost Information Technologies tried out in the developing countries like India, South Africa and Brazil. The discussion on the digital divide between rich and poor nations on the lines of innovations happening in the area of Information and Communication Technologies is thought provoking. Affordability and purchasing power disable the users in the developing countries to think and practise innovations at par with the developed countries. Nevertheless, the developed countries are coming with the easier versions meant for the developing countries.

The fifth chapter focuses on the ways of overcoming the global digital divide. The author throws light on the low-cost computing, open source *versus*

proprietary forms of computer software, low-cost internet access *via* community wireless local area networks and how these can bridge the digital divide at the global level. Many developing countries have tried these and have been relatively successful in this regard. One often hears of the novel applications of ICTs in the developing countries, which have been showing tremendous results. Some of them are 'Bhoomi', 'Warana' 'Wired village project' and many more.

The sixth chapter elaborates on the 'Open-source Software Movement'. The most successful event in the open-source software movement has been the launching of the Linux operating system, which has ended the monopoly of the Microsoft, and its Windows operating system. The author has dealt with the opportunities and constraints afforded by the Open-source software as compared to the Microsoft Windows. The author rightly says that the free software movement will benefit the developing countries because of the adaptability and the openness in changing the software as per the local requirements, not to forget the low cost incurred on it. One of the frequent problems emerging in the free or open software movement is the piracy and non-familiarity with the Linux operating system in the developing countries. Many developing countries have come up with a series of measures to combat piracy and have been successful in killing piracy at a considerable level. Efforts are on to popularise the Linux operating system in the developing countries.

The seventh chapter centres around the Indian model of providing sustainable Internet accesses to the rural poor. The 'Grameen Telecom Project' in Bangladesh and n-Logue kiosk model in India have been dealt in greater detail. The results of these projects have been encouraging but the targets in terms of number and accessibility are far behind the time. As things stand today, the pace and the number are on the rise leading to sustainable Internet access to the rural poor in the developing countries. The next chapter suggests some policy changes to bridge the digital divide and also ways of overcoming the divide by means of a new web-based registry of information other than the World Wide Web. This proposal focuses on the supply side and is a welcome measure. It has a tremendous potential to bridge the digital divide provided it percolates at various levels. The following chapter deals with the promotion of universal access to ICTs rather than individual ownership of ICTs. The author's idea is novel and will be a success because of cheaper availability and also appropriateness but this will require a paradigm shift to designing new technologies in some cases or innovations in the existing technologies.

The concluding chapter evaluates the 2001 Human Development Report of UNDP, which stresses on the potential of the ICTs for the developing countries and their dissemination to enhance development and thus bridging the digital divide with the industrial countries. The suggestions of the author by way of low cost telecommunication, computer hardware and software and non-computer mode

of access to the Internet could prove helpful to the policymakers and the organisations to ameliorate the global digital divide. The author alerts that the effort of the developed world to bridge the digital divide has been overlooked by the makers of the 2001 Human Development Report of UNDP. This also reflects his belief in the combined effort from both the developed and the developing countries in overcoming the global digital divide. To conclude, it can be said that diffusion of Information and Communication Technologies is crucial in bridging the digital divide, especially in the developing countries where the consequences are a threat to those who, for one reason or the other, are not participants in the electronically mediated networks.

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Phoebe Koundori, Panos Pashardes, Timothy M. Swanson and Anastasios Xepapadeas (eds.). *The Economics of Water Management in Developing Countries: Problems, Principles and Policies*. Cheltenham, UK: Edward Elgar. 2003. Pp. 278.

Economic development and availability of water resources are inter-related in a variety of ways. It varies from a saleable commodity to input in production process, on one side and acts as a prerequisite of livelihood of human society in a broad sense, on the other. Water as a production and consumption good as well as the scarcity of resources have made management of water resource one of the major challenges to the planners in recent years because of its importance. Scarcity of water resource arises both from the extensive use of the resources and deteriorating quality of the existing resources. With its peculiar characteristics of the resource, it has no close substitutes, and growing imbalance between demand and supply of water has given rise to inter-sectoral and international conflicts over water. Studies conducted in different parts of the world have thrown light into the poor management of existing water resources.

The collection of essays edited by Koundori *et al* looks at the scarcity value of water and examines how the existing water resources can be managed in a better way. It analyses how water pricing reforms are working in the new world order. The authors of essays included in this volume explore these ideas through a wide range of topics, from resource valuation to political economy of water resources. Essays in this book provide deep theoretical insights and they are arranged in a systematic manner. After an introduction, the book is divided into three parts. Part I of the book lays the fundamental issues in water management by identifying the context and key concepts. It examines the political economy of institutional reforms in water sector. Part II posits the dominant case studies of different parts of the

world. This section presents the limitations and constraints in water management in developing countries with the help of country-specific studies. It also provides a new methodology to measure the scarcity value of ground water resources. An analysis of the policy of water management has been presented in Part III by taking Cyprus as a case study.

Many of the past rules in water sector were established when water was quite plenty. So it was assumed that information was costless and it was easy to establish market which used resources efficiently. But, as scarcity value increased the traditional rules became inefficient. High cost of information and high monitoring and enforcement cost necessitate the formulation of new rules which should operate in the new era. Ariel Dinar (Chapter 1) mentions the inability of traditional neoclassical economic framework, which assumes full information and no transaction cost, in calculating efficient water pricing schemes. He provides an excellent theoretical construct for water pricing in the context of water sector reforms, incorporating the influence of power groups in the decisionmaking process. But, empirical testing of the model has not been done in the study. Hence, the theoretical framework reflects as a stand alone in the entire discussion of the political economy of water sector reforms. The author qualitatively assesses the outcome of water sector reform process in different countries. Water sector reforms in many countries have been initiated as a part of broad agenda of economic reform. Countrylevel experiences have shown that reforms process became slow and did not attain the expected outcome because of poor coordination, lobbying activities of interest groups, etc. The author concludes by ascertaining the need of extensive public awareness campaign prior to the water reform process.

'Institutional reforms in Pakistan's irrigation sector' (Chapter 2), which is the biggest in the world, discusses in detail the difficulties in implementing water sector reforms in a developing country like Pakistan. Irrigation reforms in Pakistan emerged in the context of macroeconomic imbalances in the country experienced during the 1990s. The proposed irrigation reform policies were the outcome of constant negotiations carried out between the World Bank and Pakistan government. The authors emphasise the role of farm lobby and other interest groups in the formulation of reform policies. They argue that, many of the organisational changes recommended in the policy, like the formation of water user associations, are lagging behind due to the opposition from the large-scale farmers and provincial irrigation department.

In Part II, five case studies have been provided in order to examine in depth the problems of water management in the developing countries. Water market is suggested as one of the effective ways of managing the scarce water resources. Different studies provide for and against argument related to the existence of water markets. Lahmandi-Ayed and Matoussi (Chapter 3) give a simple theoretical argument

to select the correct form of institutional arrangement to manage water resource. The model has been formulated under the basic neoclassical assumption that each farmer tries to maximise his/her profit given the water price. It is derived theoretically that difference in water use efficiency among the farmers is very important in the selection of water markets. They point out that, if water is abundant in a particular area or there exist high input and low output cost in the cultivation process, functioning of water markets becomes inefficient. The main argument put forward by the authors is that water market efficiency mainly depends on the micro-level local conditions.

Water resources other than its availability *per se* provide livelihood support to many human and non-human beings. Wetlands are one of the most productive ecosystems around the world. Conservation of wetlands becomes important if the multiple benefits of the wetlands ecosystem both at the local and global level are considered. Wetlands of Cyprus act as a migratory route for White-headed Duck, an endangered species, between Europe and Africa. To prevent the extinction of White-headed Duck conservation of wetlands in both UK and Cyprus is needed. Hence, Olsen *et al* (Chapter 4) examine UK tax payers' Willingness to Pay (WTP) for conserving wetlands in Cyprus region using Contingent Valuation. In Contingent Valuation studies, preferences reveal through actual behaviour, great credibility in economics. The study uses Contingent Valuation in order to estimate how the respondents in one country respond to the conservation efforts in another country. In Cyprus, as it is considered an arid/semi-arid region, reallocation of water to wetlands consists of considerable opportunity cost of water being used in other productive purposes. Because of the high opportunity cost and shared benefits of migratory species, there is little incentive at the local level to conserve the wetlands. The analysis shows that the WTP is higher at the cooperative conservation regime by both the countries (UK and Cyprus). But one of the most serious criticisms raised against Contingent Valuation studies is the strategic bias involved in answering questions by either overstating or understating WTP.

Even though water pricing is considered as the option for better management of water resources, fixing appropriate tariff for water especially in irrigation sector becomes very difficult. Montginoul and Renalut (Chapter 5) argue that due to the presence of high positive externalities in irrigation sector, it is very difficult to price the farmers according to the water usage. The authors argue that irrigation water provides a better recharge to the other aquifers and open wells at the command area of the canals. The study conducted in rice-based irrigation in Sri Lanka reveals that, only 24 per cent of the total water supply is consumed at the rice fields. The remaining water goes for other consumptive and non-consumptive purposes which directly and indirectly benefit the society. Hence, implementation of water pricing and collection of water tariff become very complex as it is very difficult to identify the diversified stakeholders.

Chapters by Koundori and Xepapadeas (Chapter 6) as well as Koundouri (Chapter 7) provide appropriate methodologies to measure 'scarcity rent' of ground water resources. Koundori and Xepapadeas measure the shadow price of ground water by estimating the distance function and its duality with cost function. The authors are of the opinion that, distance function estimation helps to derive an efficient input shadow price even without the conventional neoclassical behavioural assumptions. Koundori compares the *in situ* value of ground water measured under two different models. Model 1 estimates the opportunity cost of ground water resource left in the aquifer whereas the second model simulates the optimal resource value. Koundouri argues that alternative methods of WTP for scarce ground water resource reflect only the private extraction cost under the absence of proper water rights which is much lower than the optimal value.

Groom, Koundouri and Swanson (Chapter 8) present a socially desirable allocation of water and proper policy recommendation for water management taking watershed as the unit of analysis. Equity, efficiency and sustainability have been taken as the major allocation objectives in the water resource management. Demand for water has been analysed using different valuation technique. Taking Kouris watershed in Cyprus as the case study, different policy suggestions have been provided by the authors. Marginal social cost pricing is taken as the efficient allocation mechanism for water resources. The analysis conducted at the Kouris watershed region can be adapted to the watershed areas in other regions as well. The second chapter in Part III is highly technical in nature and it provides a flexible and mixed decision support system for water management. Statistical models have been used to simulate the water supply and distribution network. The last chapter of the book critically analyses the new integrated European water protection regime.

Taken as a whole, these essays are fascinating because they adeptly show how water is not just an issue of science but also an issue with social and economic concerns. The editors aptly address one of the central puzzles posed in recent years with water sector reforms on one side and issue of resource scarcity, on the other. Throughout the book, it is argued that pricing of water resources are the most efficient way of resource allocation. Pricing water at its marginal cost incorporates the concept of 'scarcity rent' of the resource. But water has been considered a free good and managed by commons throughout the human history. Hence, most of the costs and benefits accruing in the water sector cannot be accounted through strict market mechanisms. So, the question 'Whether markets can solve all the problems in water sector?' remains unanswered. Moreover, the developing countries in the process of water reforms are compelled to abide by the guidelines of external funding agencies, like World Bank and IMF, as a part of their large investment agenda. As a result, most often the normal institutional evolution in water sector becomes flawed. The papers in the book give more emphasis to the

theoretical aspects of water pricing and allocation. Even though there is a passing reference to the issue of inadequate attention given to the marginalised section under the reform, the critical question of 'equity' under the new institutional regime is addressed scantily. In short, the book certainly enriches the reader's understanding on water resource valuation and conservation and its multifaceted complexities in the new economic order. However, the book apparently lacks some odd ideas related to ethical distribution of water resources, especially in the context of poor and marginalised sections of the society.

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