Indian Economy in the Era of Contemporary Globalisation: Some Core Elements of the Balance Sheet

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Abstract

In recent years, the 'official' India has been patting itself on account of accelerated economic growth rates and the presumed progress in poverty reduction. The chorus of this cheer-talk has been joined by a number of high profile global agencies, in particular, the Bretton Woods Institutions (i.e. the World Bank and the IMF). However, it is important not to lose sight of the fact that the recent economic growth has been extremely lopsided; more than ever before. Furthermore, large sections of the country's population continue to suffer, very acutely, with reference to a whole range of development deficits. Since the early 1990s, significant changes in the macroeconomic policy regime along the neoliberal trajectory has resulted in a weakening of the interventions by the State, in many important economic and social arenas, and consequently a whole range of positive impulses have suffered a good deal. This paper is an attempt to sketch a snapshot of the much-talked-about economic growth performance along with some of the major development deficits in India. It is our contention that the hooplas about India's 'arrival' as a global economic power and player in the recent era of globalization need to be qualified by the grim reality of pervasive failures, even regressions, towards building a humane society.

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Introduction

The Government of India (GOI) has been celebrating, for sometime now, the country's recent macroeconomic performance, in particular, high growth rates of the gross domestic product (GDP). A pervasive impression has been created by the official spokespersons, as well as the media, that the Indian economy's progress with respect to most economic and social indicators has been a remarkable one since the early 1990s. Not surprisingly, this is attributed to a shift in the economic policy regime, from a relatively *dirigiste* type to a market-friendly one. The economic elite within the country as well as a very substantial segment of the middle classes have joined the celebration hailing India as the new growth 'miracle' in the developing world, as the major 'success story' of market–driven globalization, and as (along with China) the new major power in the global economy.

We argue in this paper that an unqualified celebration about India's recent economic performance may be seriously misleading and several claims advanced by the cheer-parties may be at substantial variance with the ground realities. Sure enough, the growth rates of aggregate and per capita national income have been quite impressive during the period of economic liberalization since the early 1990s, and these rates are marginally higher compared to those achieved during the 1980s. Furthermore, the growth experience of the recent years is obviously organically connected with the opening up of the Indian economy. In other words, pace as well as the nature of growth has been strongly influenced by India's integration into the global economy through trade, investment and financial liberalization. Hence, so far, the advocates of liberalization can hardly be faulted for their jubilation and basic claim. However, a closer look at the *structure* of the recent growth experience raises disturbing questions which must not be brushed aside. Further, if one goes beyond the narrow obsession with growth to assess India's recent achievements with respect to a set of commonly accepted indicators of development, it would appear that there is no story of 'miracle' whatsoever; on the contrary several zones of darkness and disaster loom large.

The key issues addressed in this paper are as follows. In the next section, the important distinguishing features of the pattern of growth in the context of liberalized macroeconomic policy regime are highlighted. In particular, we draw attention to the implications of the services–driven nature of the recent growth experience, and the stark disconnect between GDP growth and decent employment. Section three of the paper focuses on arguably the most worrisome aspect of the economic experience in the era of liberalization, namely, a veritable crisis in the agrarian economy. It would hardly be an exaggeration to say that the overwhelming majority of Indians living in the countryside have seen little progress in their lives since the early 1990s. Probably the most horrendous and chilling indicator of the crisis in India's countryside has been suicides by farmers on an amazingly large scale. According to the Central Government's own estimate, more than 100,000 farmers had killed themselves between 1998 and 2003 and there has been no let up in the subsequent period as well from this macabre dance of death. Human history may not have a grisly parallel.

Section four attempts a sketch of some of most telling indicators of development deficits in India. In this context, India's prospects towards attaining the so called Millennium Development Goals (MDGs) are assessed. Not surprisingly, the recent policy changes have been bad news for a whole range of marginalized sections. It may be a reasonable conclusion that the movement along the neoliberal trajectory will continue to exacerbate the gap between the two Indias: the one enjoying moderate to high standards of living comparable to any advanced industrialized country, and the other, made up of the overwhelming majority, whose lives are huge struggles to meet even basic needs. The country contains substantial pockets of massive deprivations within its socio-economic geography, and it may well be the case that the total number of those who are at the bottom of the pit in India is larger than the total population suffering from comparable deprivations in Sub-Saharan Africa. The central messages emerging from India's recent development experience further reinforces the time-tested old wisdom that overly narrow focus on growth often runs counter to the objectives of broad-based development.

Information for this paper is drawn from the well-known official data sources, such as the reports of India's National Sample Survey Organisation (henceforth NSS), Annual Economic Surveys published by the Ministry of Finance, GOI, reports of the World Bank etc. For some variables, information is available only from the end of the 1990s; nonetheless they provide very useful pointers to the processes that unfolded during the first decade of economic reforms in the country.

Some Key Elements of the Macroeconomic Landscape

It is well-acknowledged that the period since the early 1990s has witnessed a fundamental repositioning of the State versus the Market in the Indian economy. Essentially, the transition has been characterized by a strong push towards a neoliberal reform programme, resulting in a very substantial degree of internal and external economic liberalization. Although the process had begun in the second half of the 1980s, it was in July 1991 that a rapid and sharp shift in the economic policy regime was officially enunciated, which justifies the view of a transition from a State-led development model to a neoliberal paradigm.

Sure enough, unlike many other countries in the developing world, India's experience of neoliberal economic reforms, whether in terms of content or pace, is not a simple replica of the classic text book model of big-bang stabilization and structural adjustment, pushed by the Bretton Woods Institutions (i.e. the World Bank and the IMF) in several countries of Africa and Latin America during the 1980s. This is largely due to the substantial opposition to the neoliberal agenda from several quarters. Nonetheless, the trajectory of India's economic policy has been firmly on the neoliberal track since the early 1990s, with sustained domestic deregulation and a continuous deepening of the integration with the global economy. Through the entire academic spectrum from the left to right – among the observers of the Indian economy, there is unanimity as regards this fundamental break in the macroeconomic policy regime.

Furthermore, there is little doubt that the Indian economy has sustained a high rate of growth of GDP during the reform period. However, it is important to recall, by now the familiar argument, that India's growth record since the early 1990s is better understood in a larger inter-temporal perspective, instead of viewing this phase as being characterized by a sharp break from the past in terms of markedly higher rate. In fact, a transition to a growth trajectory of 5 to 6 per cent materialized in the early 1980s itself, which was a distinct improvement compared to the period from the late 1960s to 1970s.[2] Thus, for more than a quarter of a century, Indian economy has

[2] During the 1970s, India's GDP growth rate was 3 percent per annum, which went up to 5.7 per cent during 1980-81 to 1990-91; during 1991-92 to 2004-05, this was 6.2 and thus there was only a small

witnessed per capita annual real income growth rates of around 4 per cent or more. As per the official figures, the period since the early 1990s clearly shows an acceleration in the trend growth rate compared to the 1980s, but it may not be advisable to see it as a decisive transition to a significantly higher growth path. It is true that during the three years ending 2005-06, annual average rate of GDP growth has been around 8 per cent. However, it may be useful to recall that a similar growth rate between 1994-95 and 1996-97 was followed by a significant slowdown over the next six years. Thus, even if one goes along the official view that during the reform period there has been an acceleration in the GDP growth rate, it may still be prudent to hold back on the judgment that the reform process has taken the Indian economy to a significantly higher growth trajectory.

As regards the structure of growth, the most significant feature of the recent years has been a dramatic increase in the share of the tertiary sector. Since the mid-1990s, the rate of growth of services GDP has been significantly higher than the rate of growth of overall GDP, and the share of the tertiary sector in the economy has gone up from about 41 per cent in 1991 to around 54 per in 2005-06. In fact, well over 60 per cent of the incremental growth in GDP since the mid-1990s is accounted for by the rate of growth of the services sector. The magnitude of the entire increase in the share of the tertiary sector in the country's GDP since the early 1990s is almost equal to the decline in the share of the primary sector, and the proportion of the secondary sector has remained roughly the same during this period.

In other words, the performance of the commodity producing sectors during the reform period has been relatively poor in the Indian case (unlike, for instance, in China), compared to the services sector. Moreover, the sharp ballooning of the proportion of services in GDP and the economy's growing dependence on this sector to generate growth appear to be quite unusual in the light of the historical experiences of economic transformation, whether in the case of advanced or developing countries. Sure enough, dramatic changes in the productive forces in the recent years, in particular those related to information and communication technologies and significant transformations in production relations in the global economy, have facilitated faster expansion of tertiary sector in developing countries compared to

acceleration during the reform period. Moreover, fluctuations in growth rate since the early 1990s have tended to be higher than in the 1980s.

those experienced by the developed countries at similar stages of economic transformation. Of course, there are a number of other significant factors which are important in comprehending country-specific complex trajectories of economic transformation, and in many cases the sharp increases in the share of services sector in GDP may simply be distress-driven. It is not possible to get into an adequate consideration of these issues here and we would only submit that the rapid diversification of economic activity in favour of services in India during the reform period warrants a call for caution.

Among the most talked-about aspects of India's booming tertiary sector is the surge of the Information technology (IT), and in particular, an impressive growth of the export of software and IT-enabled business services; the ratio of the IT sector output to the country's GDP increased from 0.38 per cent in 1991-92 to 4.5 per cent in 2004-05 and over the same period, IT services exports grew at a phenomenal 47.5 per cent per annum (Chandrasekhar, 2007). These are, indeed, impressive numbers and there are good reasons to argue that the performance of the IT sector in India has been significantly facilitated by liberalization. However, there are good reasons to be circumspect about the sustainability of the export-driven IT boom (for details, see Chandrasekhar, 2007). Furthermore, even though the importance of the tertiary sector in contemporary global economy is there to stay, and will only increase further, relying primarily on it to sustain high growth rates may not be a wise strategy. Sure enough, history of modern economic development does throw up surprises every once in a while, and the jury on the question in India's case will be out in due course; nonetheless, it seems to us that several activities (e.g. outsourced businesses) that have fuelled services surge in the recent years are likely to come under pressure soon.

Along with the rapid expansion of the tertiary sector, the other significant aspect of the structure of growth during the reform period has been the relatively unimpressive-to-dismal performance of the commodity producing sectors, in particular, agriculture and large segments of small-scale manufacturing. Given that the majority of the country's workforce, almost 60 per cent, still depends primarily on agriculture, the depressed performance of this sector is a major problem, and we take a closer look at it in the next section. In fact, one of the most significant features of contemporary India's macroeconomic scenario is the growing disconnect between the performance of the agricultural and non-agricultural sectors.[3] The divergence between the rates of growth of these has assumed dramatic proportions in the recent years; during the 1990s, a decline in the rate of agricultural growth was accompanied by an acceleration in the growth rate of the non-agricultural sector and the same trend has continued during the period 1999-00 to 2004-05. Within agriculture, the performance of foodgrain production has been particularly dismal.

The languishing of agriculture along with a significant acceleration in the growth rate of the non-agricultural sector, in particular its tertiary sector component, during the 1990s and the first half of the present decade obviously implies a major change in the sources of growth in the Indian economy. Furthermore, given that for much of the period since the early 1990s, high and sustained GDP and non-agricultural growth have been achieved in a context of low inflation, the significance of the wage-goods constraint due largely to the agricultural bottleneck, which seemed an unquestionable feature of India's post-independence growth during its first three decades, has obviously weakened very considerably. However, given the battering that the country's agriculture has been subjected to, it is possible that the growth process may come under pressure on account of inflation, fed largely by supply bottlenecks from this sector. An increase in inflation since the second half of 2006 is currently being viewed with lot of concern in official policy circles. In our judgement, it may be premature to take the view that the agrarian constraint on GDP growth in India is truly dead and buried.

Finally, in this sketch of contemporary macroeconomic landscape, brief remarks on growth-labour market linkages may be in order. It is worth recalling that the critics of India's dirigiste regime had frequently asserted that employment – intensive production activities had been thwarted by the import substitution strategy pursued from the 1950 to the '80s; it was argued that the 'urban industrial bias' had imposed capital-intensive production processes and, in effect, labour-intensive economic activities had been discouraged, in part because of their relative insulation from the external markets. Thus, a natural corollary of such a view was that

[3] Sastry et al, using the available input-output tables for the Indian economy, show that: "In 1968-69 one unit of rise in Industrial output was likely enhance demand from agriculture by 0.247 units, which was reduced to 0.087 by 1993-94. On the other hand, in 1968-69, one unit rise in Industry was to cause 0.237 units demand from the services sector, which increased to 0.457 units in 1993-94 (Sastry et al, 2003, p. 2392). Sectoral growth rate figures would indicate that the disconnect between agriculture and non-agriculture has become much sharper now.

economic liberalization and greater integration with the global economy would provide significant boost to employment generation, while also improving the prospects for other variables impacting on the well-being of labour.

However, by now it is well-acknowledged that most of the important labour market outcomes have been major casualties during the reform period. For instance, going by a flow measure of employment (i.e. the commonly used Current Daily Status), and taking all forms of employment together, its rate of growth during the 1990s was almost halved compared to the 1980s. The rural areas, housing the overwhelming majority of the country's population, witnessed a startling deceleration in employment opportunities as the rate of growth (of all forms of employment) came down from 2.4 per cent during 1983-94 to less than 0.6 per cent during 1994-2000.Deceleration in the rate of growth of employment was quite marked in urban areas as well, and also across most states in the country. In sum, the country as a whole experienced dramatically adverse setbacks on the employment front during the 1990s, and the rate of growth of employment was way below the rate of growth of population. Even though for a large segment of the country's population in the working age group, any kind of employment is absolutely necessary for survival, and hence 'discouraged worker effect' may seem like a luxury, it is possible that the dramatic collapse of opportunities shocked sections of them into at least temporary withdrawal from the workforce; a sharp decline in the rate of growth of labour force, between 1993-94 and 1999-00 possibly reflected this phenomenon. Furthermore, deterioration with respect to employment was also reflected in different dimensions of quality such as growing informalisation, casualisation etc, and the rate of growth of secure jobs was close to zero during much of the 1990s.

The most recent reports relating to employment trends were released by the NSSO in the closing weeks of 2006; these are based on the 61st Round of the NSS, covering 2004-05. On the face of it, going by these reports, it would appear that there has been a revival of employment growth, after the sharp deceleration in the late 1990s, both in rural and urban India, over the first half of the current decade. Labour force participation rates, for both males and females, have recovered the lost ground and the aggregate employment growth rates for both males and females in rural as well as urban areas, were close to the rates achieved in the period 1987-88 to 1993-94. Nonetheless, in spite of the recovery, unemployment rates, both in rural and urban

India (taking the current daily status measure) have continued to rise. Moreover, possibly the most striking results from the latest survey relate to the shift in the type of employment. Essentially, self-employment among major segments of the workforce has witnessed very significant increases. For instance, annual compound growth rate of agricultural self-employment, which stood at -0.53 during 1993-94 to 1999-2000, jumped to 2.89 between 1999-2000 and 2004-05, whereas the comparable rates for agricultural wage employment were 1.06 and -3.18 respectively. Likewise, over the same time period, the comparable rates for rural non-agricultural self-employment almost doubled – from 2.34 percent to 5.72 per cent – whereas for rural non-agricultural wage employment the increase was of a smaller magnitude, i.e. from 2.68 to 3.79 per cent. The story is no different in urban areas, as there too self-employment accounts for the dominant share of the increase in aggregate employment since 2000. In other words, the significance of wage employment (taking both regular and casual contracts together) in overall employment generation has weakened considerably, and this may simply be hiding the fact that a large section of the workforce is finding it increasingly more difficult to get paid jobs. As per the most recent count, almost half of India's work-force does not work for a direct employer. Given that the overwhelming proportion of self-employment in India consists of fragile working conditions and very low returns, it does not seem reasonable to make a song and dance about growth of 'opportunities' in this sector; infact, it is common knowledge that substantial segments of self-employment, such as agriculture, are only parking sites for disguised unemployment. Thus, the sharp increase in self-employment among rural women between 1999-2000 and 2004-05, which accounts for close to two-third of all their jobs at the latter date, can hardly be a cause for celebration.

One other particularly disturbing aspect of the unemployment scenario is worth taking note of even in this brief account; this is regarding unemployment levels among the younger group of workers. There has been much talk of the 'demographic dividend' that India has because close to 42 per cent of the country's population, as per the latest Population Census (of 2001), is below 18 years. However, unemployment rates in the age group 15-19, or 20-24 years present quite an alarming picture as generally these rates are close to 15 to 20 per cent. Clearly the growth process is unable to accommodate aspirations of a substantial segment of the country's large young population, and it may not be unreasonable to suggest that the so-called 'demographic dividend' can easily be a 'demographic bomb'.

Apart from employment, the other significant, and obvious, variable impacting on the well-being of workers is returns to their labour power, and in this respect too, particularly for the most recent period, the story is truly dismal. The NSS data show that during the 1990s, itself, the rate of growth of real wages for most categories (whether in terms of occupations or nature of contracts) of workers was lower than in the 1980s; however, the trends for 1999-2000 to 2004-05 appear to be extremely disturbing. For instance, for the regular workers, while rural males have managed to escape a decline in real wages between 1999-2000 and 2004-05, the other three categories, namely rural females, urban males and urban females have not been so fortunate. The story is not very different for casual workers as well and the wage trends are roughly similar as reported above. During the most recent period, i.e. between 1999-2000 and 2004-05, real wages of casual labour in rural areas seem to have increased marginally (although the rates of growth have decelerated compared to the 1990s, which in any case was significantly lower than in the 1980s), but both men and women casual workers in urban areas were subjected to declines in real wages.

In fact if we look at supposedly one of the most 'attractive' employment options for India's workers, namely, the organised manufacturing sector, the significance of the adverse changes come out almost dramatically. As per the Annual Survey of Industries (ASI) data, employment in this 'privileged' segment has been on decline, in absolute numbers, since the late 1990s. It is worth recalling here that the share of organised sector in the country's total workforce, currently at around 7 per cent, in any case is small and has been declining since the early 1990s; however, the decline in its absolute size since the late 1990s is obviously a matter of added concern. Furthermore, the wage trends in this sector are alarming, as a recent analysis by Ghosh and Chandrasekhar (2007), show. Between 1981-82 and 2003-04, labour productivity in India's organised manufacturing sector, as measured by the net value added generated per worker, at constant prices, increased by almost three-fold, but the benefits of it did not accrue to workers; rather, beginning late 1980s, the share of wages in value added has fallen sharply. For much of 1980s, it had hovered around a little over 30 per cent but by 2003-04 this figure had shrunk to about 15 per cent; this is not only way below the comparable figures for the developed countries but also, in all likelihood, substantially less than the average for the developing countries. Thus, essentially, the net value added per worker and the share of wages in value added have diverged over this period almost in a mirror-image manner, as the gains of labour productivity have accrued largely to non-wage incomes. Even more startling is the trend regarding average real wage; taking the organised manufacturing sector as a whole, it is reported that real wages in the triennium ending 2003-04 were around 11 percent less than in the triennium ending 1995-96 (for details, see Ghosh and Chandrasekhar, 2007). It seems almost bizarre that in a buoyant economy, where the organised manufacturing sector has clocked respectable growth rates, on the trot for almost twenty five years, should show such wage (as well as employment) trends. It hardly needs great wisdom to appreciate that the above noted negative labour market outcomes are organically connected with the increased openness of the Indian economy, in particular, as well as the other changes in the macroeconomic policy regime since the early 1990s.

In this paper, we stay away from a discussion of the trends relating to inequality and poverty in India since the beginning of the process of liberalization. On both these issues, there is a substantial literature, with lively and ongoing debates as regards what exactly has happened since 1991. Changes in the survey design since the mid-1990s, in the different rounds of the NSS, have been among the major bones of contention, generating doubts and controversies as regards the inter-temporal comparability of the estimates of inequality and poverty. However, for the most recent relevant survey of the NSS, i.e. for the year 2004-05, the schedule design is comparable to those upto 1993-94, and the results confirm the apprehensions of the critics of economic reforms. Inequality, between 1993-94 and 2004-05, has increased quite sharply both for rural and urban India, as have inter-state rural, inter-state urban, intra-state rural and intra-state urban inequalities (for further details see, Sen and Himanshu, 2007). As regard the incidence of poverty during the same period by following the official (i.e. the Planning Commission’s) methodology, it has continued to decline, as during the period between late 1970s to the early 1990s, but at a slower pace. However, the official methodology has been subjected to searching criticism, and it has been argued that the official conclusion of declining poverty, endorsed by a large number of academics, may be deeply flawed (for an elaborate discussion on this issue, see Utsa Patnaik, 2006). Using the same data set (i.e. the different rounds of NSS), one may arrive at an opposite conclusion.[4] Furthermore, it is important to emphasize the well known and off-repeated point that conceptions of poverty in official circles are extremely inadequate and do not capture deprivations in terms of even some of the most basic needs. However, as mentioned earlier, it is not possible to engage with these issues in any detail in this paper.

To sum up our macroeconomic overview: Sure enough, in terms of the GDP growth rates, the performance of the economy in the era of contemporary globalization has been a notch higher, compared to the preceding decade; however, it is somewhat premature to take a call on whether the recent acceleration (i.e. during the last 3 to 4 years) can be interpreted as the economy having moved to a higher growth trajectory of around 8 to 10 per cent for the coming decade or even the next quinquennium.[5] Nonetheless, the fact of high and sustained GDP growth rates, with low to moderate inflation for much of the period and the absence of any major financial crisis since early 1990s, is the obvious positive on the balance sheet. Furthermore, India's attractiveness for foreign investors has certainly increased and shows up in the rising levels of foreign exchange reserves (which is around 180 billion US dollars at the current juncture). Putting all these positives together, India does look like a 'success story' (although not quite in the same league as China even

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[4] Essentially, the argument is a pretty straightforward one. Poverty in India, officially, has always been *defined* with respect to a calorie norm. The base year for which, with respect to the official calorie norm, a 'poverty line' was adopted happens to be 1973-74; the level of expenditure at which the calorie norm was fulfilled in the base year, thus, became the poverty line. One way of tracking inter temporal change in the incidence of poverty is the <u>indirect</u> one, namely, to adjust the base year poverty line by an appropriate price index to arrive at an estimate for a particular year. This immediately begs the question: what is an appropriate/adequate price index? How useful are the weights, assigned to the different components in the consumption basket of the base year, to capture the present reality? These tricky questions cast obvious dark shadows on the indirect method of tracking trends in poverty. As it happens, there are good reasons to believe, in the Indian case, that the official methodology of carrying the base year 'poverty line' forward through a price index portrays a misleading picture of the intertemporal change in poverty. The fact that the poverty line for rural India in 2004-05, arrived at through this indirect method, was almost a ridiculous figure of about Rs. 12 per person per day (i.e. approximately one-fifth of an Euro) conveys this in a telling manner.

Instead of opting for the indirect route, if one chooses the *direct* method of estimating poverty on the basis of the calorie norm, then as much as 75 per cent of the rural population in India in 1999-2000 was below the poverty line, and this figure was substantially higher than the comparable estimate for 1973-74, which stood at 56 per cent. One may quibble over the wisdom of sticking to any given calorie norm while mapping changes, as many researchers do. *However, it does not make much sense to stick to a calorie norm, in principle, while defining poverty, but flouting it, in practice, while estimating it*.

[5] One of the obvious and among the most significant, constraint for sustaining high growth rate continues to be the state of infrastructure, both in urban and rural areas. Problems relating to power generation and a decent transport network are particularly critical. Also, even though the agrarian constraint appears to have weakened during the last couple of decades, it does, and will in the foreseeable future, haunt the prospects of aggregate growth rates.

in terms of the above noted select indicators); however, as soon as one starts probing into whether the process of growth has generated positive outcomes for the majority of the population, the 'success story' starts falling apart. In the foregoing, we have already looked at some of the important labour market outcomes. In the next section, we look at some of the key developments in India's countryside, which has been in the grips of crisis, and probably provides a severe indictment of the country's economic reforms.

Crisis in the Countryside in the Time of Reforms

Careful observers of Indian economy take it as an incontrovertible conclusion that the country is currently witnessing a serious agrarian crisis, in fact, the worst since independence. As mentioned earlier, the most chilling manifestation of the crisis has been farmer's suicides, (which started appearing as headline news even in the mainstream media in the late 1990s, but now gets passing mention occasionally); this extreme step that the peasantry has been driven to resort to, has been reported from several regions of the country, including even prosperous states like Punjab, Kerala and Maharashtra. Factors like substantial compression of rural development expenditures, increasing input prices, vulnerability to world market price fluctuations due to greater openness, inadequate /non-existent crop insurance and substantial weakening of the provisioning for credit, along with the governments' apathy to the demand for remunerative prices for farm produce are among the obvious causal correlates of the contemporary agrarian crisis in the country.

It is commonsense wisdom that for a country like India, the importance of agriculture in facilitating decent livelihood continues to be critical, given that the majority of the country's population, almost 60 per cent, still depends primarily on it. As is well-known, among the obvious symptoms of agrarian crisis in the country has been a significant deceleration in the rate of agricultural growth, and marked increase in disparities between the agriculture and non-agricultural sectors since the early 1990.[6]

[6] For detailed accounts of these, see Sen,2003 and Bhalla, 2005.

According to one estimate, between 1994-95 and 2003-04, per capita real income of agriculture-dependent population was virtually stagnant when per capita real income for the country as a whole increased at a rate of more than 4 per cent on an average.[7] The per capita production of food grains has witnessed an unprecedented decline, since independence, during the 1990s; in 1991, it was around 510 grams but the recent estimate puts it at around 427 grams. The all India absorption of food grains per capita per annum has fallen by 22 kilograms between the triennium 1995-98 and 2000-03. This would obviously imply that, a larger section of the population is further exposed to food vulnerability reflected in hunger and malnutrition.[8]

Let us recall the most obvious indicators of the health of the agricultural sector, namely the production and yield growth rates. The period since the early 1990s is much worse compared to any other period since independence, and this comparison is quite stark when compared to the preceding decade, i.e. 1980s. In the eighties, the annual rate of growth of agricultural output (all crops) was 3.19 per cent; this figure was halved to 1.58 per cent, in the subsequent period, and the yield growth rate was reduced to almost one-third over the comparable time frame.

Also, there is a small fall in the growth rates of area under major crops, and in the aggregate, since the early nineties, compared to the eighties. The area under cultivation for all crops saw a negative annual growth rate of -0.25 per cent during 1990-91 to 2003-04, compared to the 0.1 per cent experienced during 1980-81 to 1990-91; this may, in part, reflect growing landlessness among the peasantry, and transfer of land for non-agricultural purposes. The declining trends in area, yield and production are witnessed in the case of almost all crops, except for the marginal improvement in the growth rate of yield of coarse cereals and the growth rate of area cultivated of wheat. The decline in yields for most crops is quite dramatic and careful explanations are required to explain this; however, it may not be inappropriate to put

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[7] To quote Patnaik, "Let us ask ourselves the question: how much has the command over specific bundle of goods, by an average person belonging to the 'agriculture-dependent population', increased over the last decade? As our 'benchmarks' bundle of goods, let us take that bundle which is actually supposed to be consumed by the average industrial worker according to official statistics. It turns out that between *1994-95 and 2003-04, the per capita command over this bundle of goods by the agriculture-dependent population increased by only 5 percent in absolute terms, which amounts to virtual stagnation*" (Patnaik, 2005, p. 1).

[8] For a detailed discussion of these issues see Utsa Patnaik (2006)

one's finger on the dwindling of government's research effort, in particular on seed varieties, along with the shrinking of public support in many other ways discussed below, as the more important elements in this story.

As suggested above, one of the consequences of agrarian distress has been an increase in landlessness and a decline in the proportion of cultivators; this may have added to the pressure on an already overcrowded agricultural labour market. As per the NSS data, the proportion of households without any access to land in the total rural households has increased from 38.7 per cent in 1993-94 to 40.9 per cent in 1999-00 and further to 43.1 per cent during 2004-05.

Clearly, the lower end of the peasantry, many of whom are also in the agricultural labour market, may have been forced to sell or give up their land due to the growing difficulties of cultivation. Thus, it is hardly surprising that within agricultural labour households, there has been a very significant increase in landlessness between 1987-88 and 2004-05 as the proportion of such households in total agricultural households increased from about 52 to 62 percent; also, it is worth noting that the trend in the 1980s was in the opposite direction.

Apart from the above cited numbers, there are several other indicators which convey unambiguously a picture of agrarian distress and the consequent adverse implications for rural well-being. But, as noted right at the outset, most economists agree that the Indian agriculture is in the grips of crisis and one does not require to labour the point any further. However, as regards explanations for the contemporary agrarian crisis, the burden of emphasis, not unexpectedly, varies across researchers.[9] We do not wish to attempt a comprehensive survey of the contending arguments towards explaining the contemporary crisis; rather, our limited objective is to focus on, arguably, the most plausible trajectory of explanation, i.e. the change in the macroeconomic policy regime since the early 1990s. The paper goes along with the view 'that the crisis of the countryside is intimately linked to the neo-liberal policies themselves, and that it cannot be overcome within a neo-liberal regime' (Patnaik, 2005, p. 4).

[9] Chandrasekhar and Ghosh (2002), Sen (2003), Bhalla (2005), Patnaik (2005), Patnaik (2006), Vyas (2006), Vaidyanathan (2006), among others, provide detailed discussions of some of the critical issues in alternative discourses.

In the following, we briefly touch on the major components of such a neo-liberal regime which have impacted adversely on the country's agrarian economy. Given the WTO commitments, a progressive opening up of the domestic agriculture to the world market since the second half of the 1990s has been a source of considerable distress for farmers in general, and in the recent years a very acute one for those growing cotton, spices, plantation crops, among others; by now, it is well acknowledged that as a result of liberalisation of imports several crops have been hit by unfavourable price trends, and in all probability even more importantly, by violent fluctuations. In the recent years, from 1995 onwards and till a couple years ago, the agricultural commodity prices in world market witnessed a secular and sharp downtrend, although within this, there have been significant fluctuations. For instance, between 1997 and 2002, most prices had taken a nosedive, but subsequently they started climbing. Obviously one requires careful and disaggregated accounts as regards the impact of long term price trends on India's farmers. However, it may be appropriate to argue that the increased openness, through price fluctuations, has increased the vulnerability of a very large section of the peasantry, given severe limitations of their coping mechanism. Along with this, State intervention and support in domestic market for agricultural produce tended to weaken considerably, (e.g. to note a couple of policy measures in this regard: government procurement has been abandoned or scaled down; for crops covered by minimum support prices, such as paddy or wheat, MSP has not kept pace with rising costs), and private players, including multinational corporations, have been allowed to have a significant say in the course of events. In fact, the Indian government appears to have been more loyal to the emperor than the emperor himself, as it removed quantitative restrictions on agricultural imports in 2001 itself, that is, two years before the WTO stipulated date. Combination of these factors has increased the vulnerability of the Indian peasantry to the fluctuations in global markets, while also inflicting substantial losses on them. Coupled with the increasing openness, the neo-liberal regime has also pushed up the input prices, for instance through a curtailment of subsidies (e.g. fertilizer subsidies),[10] cost of power for irrigation etc. Thus, as a direct consequence of the

[10] Sometimes subsidies are opposed by even progressive economists on ecological grounds. But it is elementary commonsense that to move farmers away from harmful chemical fertilizers to organic cultivation itself may necessitate incentives in the form of subsidies.

above noted policies, the peasantry has been squeezed from both sides; it is akin to getting trapped in a pincer.

As is well-known, the essence of neo-liberalism is a move towards expenditure deflating policies at the macroeconomic level, and some of the outcomes reported in the preceding paragraph were obvious fallouts of such policies. However, it is not only with respect to a couple of areas with respect to agriculture that such policies have unfolded, but in a pervasive and generalised manner for the rural economy as a whole. Following Patnaik (2006), we include the five expenditure heads of a) Agriculture, b) Rural development c) Village and small scale industry d) Irrigation and flood control, and e) Special areas programme, to have an aggregate head called Total Rural Development Expenditure, and summarise the central conclusions relating to the expenditure trends since 1990-91 under this head, for all the state governments, and for the Centre and the state governments together. Quite clearly, government expenditure has undergone a drastic decline in the countryside, and the following are among the key aspects of the expenditure trends.

(I) Plan expenses incurred on total rural development by all the state governments was 42.9 per cent of the total budget in 1990-91, but declined to a little over 30 per cent of the total budget in 2002-03; this means a drop of almost 25 per cent points.

(II) Likewise, the non-plan expenses incurred by all the state governments on total rural development went down, as a percentage of budget, from 13.3 per cent during 1990-91 to 9.9 per cent during 2001-02 and further to 8.4 per cent during 2002-03.

(III) Taking both plan and non-plan heads together, the total expenses incurred on rural development went down from 22.2 per cent of the total budget to about 13.8 per cent during 2002-03.

(IV) Taking together the central and all the state governments, we have a similar story. Total Rural Development expenditure shows a drastic compression and as a proportion of Net National Product, it has come down from 3.6 per cent during the sixth plan to about 2.2 per cent during the ninth plan.

(V) If we focus specifically on the agricultural sector, then again a marked slowdown in capital formation and other important heads is evident. Investment in agriculture as a proportion of GDP has fallen from 1.92 per cent in 1990 to1.31 per cent in 2003-04. The Gross Capital Formation in agriculture, as a percentage of GDP, has also declined from 3.8 per cent during 1980-81 to about 1.7 per cent during 2004-05. Similarly, the expenditure on irrigation coverage and flood control has witnessed a declining trend during the reform period.

Apart from the drastic compression in government expenditure for agriculture in particular, and rural areas in general, there has been a drying up of institutional credit for agriculture, leading to an increased dependence on money lenders, traders etc. i.e. private sources of usurious credit. The percentage share of agricultural credit, in the total credit of all Scheduled Commercial Banks[11] since the early 1990s has taken a severe beating compared to the levels, reached in the 1980s. It is true that in the last couple of years, since 2003, there has been a substantial increase in absolute amount of credit for agriculture, and it may have eased the pressure on the relatively better off farmers. However, it is quite possible that for a very large section of the peasantry, there has been no turn around in this respect.

Secondly, it is worth emphasizing that the share of indirect credit in the total agricultural credit showed a declining trend during the 1970s and the '80; however, from the mid-1990's onwards, the share of indirect credit in total agricultural credit is increasing.[12] As is well-known, (and it should be quite clear from the preceding footnote), that a great deal of the indirect credit is outside the reach of farmers, and

[11] All Scheduled Commercial Banks constitutes the nationalized banks, the regional rural banks, foreign banks and other scheduled commercial banks (private banks).

[12] Indirect Credit includes Financing the distribution of fertilizers, pesticides, seeds, etc, Loans upto Rs. 25 lakhs granted for financing distribution of inputs for the allied activities such as, cattle feed, poultry feed, etc, Loans to Electricity Boards for reimbursing the expenditure already incurred by them for providing low tension connection from step-down point to individual farmers for energizing their wells, Loans to State Electricity Boards for Systems Improvement Scheme under Special Project Agriculture (SI-SPA), Deposits held by the banks in Rural Infrastructure Development Fund (RIDF) maintained with the National Bank for Agriculture and Rural Development (NABARD), Subscription to bonds issued by Rural Electrification Corporation (REC) exclusively for financing pump-set energisation programme in rural and semi-urban areas and also for financing System Improvement Programme (SI-SPA), Subscriptions to bonds issued by NABARD with the objective of financing agriculture/allied activities, Finance extended to dealers in drip irrigation/sprinkler irrigation system/agricultural machinery, subject to some conditionality, Loans to *Arthias* (commission agents in rural/semi-urban areas) for meeting their working capital requirements on account of credit extended to farmers for supply of inputs and Lending to Non Banking Financial Companies (NBFCs) for on-lending to agriculture

thus a shift in composition of credit for agriculture in favour of the indirect component may be considered a cause of concern from the point of view of the immediate well-being of farmers, particularly so when almost every other aspect of the macroeconomic policy has put them in a tighter spot.

Another important factor contributing towards the deceleration of growth in agriculture since the early 1990s has been the weakening of scientific research and extension services by the government. By all accounts, the Agricultural Universities, which had played a critical role in the development and dissemination of better quality seeds, other inputs and improvement in agricultural practices, have been starved of funds, with obvious adverse consequences. The agents of Multinational Seed Corporations have developed strangleholds in several regions of the country, and the peasantry has to pay exorbitant prices for seed varieties producing dubious results. Almost every link in the chain of public provisioning, from the laboratory to the farm, has suffered seriously due to the withdrawal of the State in the recent years, and the consequences are not difficult to imagine. It is not only the petty capitalist agriculture that has suffered on this count, but the agricultural sector as a whole. In the long-run, the consequences of such neglect may be perilous[13], and leaving it to the private sector is more a problem than a solution.

To conclude this section: it should be evident from the foregoing discussion that there is strong basis to argue that India's contemporary agrarian crisis is organically connected with the neo-liberal regime that has been ascendant since the early 1990s. Agriculture, in a country like India, can hardly do without substantial State support and it is precisely this support that has been hit hard by neo-liberalism. Apart from the peasantry, agricultural labourers have been at the receiving end, as almost every correlate of their well-being, such as employment, indebtedness, access to land etc. have been impacted adversely. (for details, see Jha, 2007).

The socio-economic conditions of agricultural labourers obviously have complex linkages with the larger structure and pace of economic transformation, and specific public policies addressed at their well-being. However, it is only natural that

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[13] The urgency of the issue is noted in the approach paper to the 11th plan document, "It calls for a well considered strategy for prioritized basic research, which is now all the more urgent in view of mounting pressure on scarce natural resource, climate change and also the shrinking availability of spill-over from international public research".

in a predominantly agricultural country (in terms of occupational structure), well-being of labour in rural areas has a lot to do with the developments in the agricultural sector. It clearly emerges from all the major data sources that the adverse implications of the neo-liberal economic regime, since the early 1990s, on the rural economy have had ominous consequences for the well-being of agricultural labourers, who in any case are at the bottom of the heap; *it may not be an exaggeration to say that the agrarian proletaria tin India is probably trapped, for some time now, in one of the most distressing situations since independence*.

Now we turn to the last substantive part of the paper. As suggested in our introduction, we attempt a sketch of the country's profile in terms of gaps with respect to a set of generally accepted indicators of development.

A Snapshot of India's Development Deficits

As is well known, income or consumption poverty is often used as shorthand to capture economic wellbeing of people. However, there is almost a consensus view among social scientists by now that such a view of poverty is too narrow and it is absolutely necessary to go beyond hunger and malnutrition and include several other features in conceptualising poverty, such as deprivation (or poor access) in terms of clothing, shelter, basic social services including primary health care, sanitation, education, shelter etc., political powerlessness, socio-cultural marginalisation and exclusion, among others.[14] By any reckoning, development deficits in India are huge and this sections looks at a few such deficits with respect to some of the most commonly used indicators in contemporary discussions including those constituting the so-called Millennium Development Goals (MDGs).

In September 2000, the United Nations General Assembly adopted the UN Millennium Declaration through Resolution 55/2. The heads of the 191 states composing this international body agreed that they had "a collective responsibility to uphold the principles of human dignity, equality and equity at the global level"[15]. The

[14] See Sen, Amartya. "*Inequality Reexamined*". 1992.
[15] United Nations Millennium Declaration. Resolution 55/2. Paragraph 2.

MDGs set forth a worldwide commitment to significantly reduce poverty and substantially improve the lives of the billions of people living in poverty. In particular, it highlighted 'life-and-death issues' for the billion-plus people living under extreme poverty throughout the world, who are subjected to deprivation that threatens their ability "to stay alive in the face of hunger, disease and environmental hazards"[16]. These Goals, as is generally acknowledged, are simultaneously means and ends. The following are the well-known eight goals, and their progress is to be assessed through several operational indicators by the target date of 2015: a) Eradicate extreme poverty and hunger; b) Achieve universal primary education; c) Promote gender equality and empower women; d) Reduce child mortality e) Improve maternal health; f) Combat HIV/AIDS, malaria and other diseases; g) Ensure environmental sustainability; and h) A global partnership for development. We do not wish to get into a discussion of the adequacy of the MDG goal, targets here. Furthermore, it is obvious and may be a conscious choice, that the MDGs address only the symptoms of deprivation in the underdeveloped/developing regions, not the causes. The need for the underdeveloped countries to adopt strategies which would take them along trajectories of inclusive growth is not addressed even tangentially by the MDGs. It may be a commonsensical wisdom that addressing the structural constraints which would facilitate a rapid transformation of agricultural and industrial sectors in such countries in a proactive manner would have to ultimately target the neo-liberal orthodoxy, and this may have been inconvenient for the script-writers of the 'UN Millennium Project'.

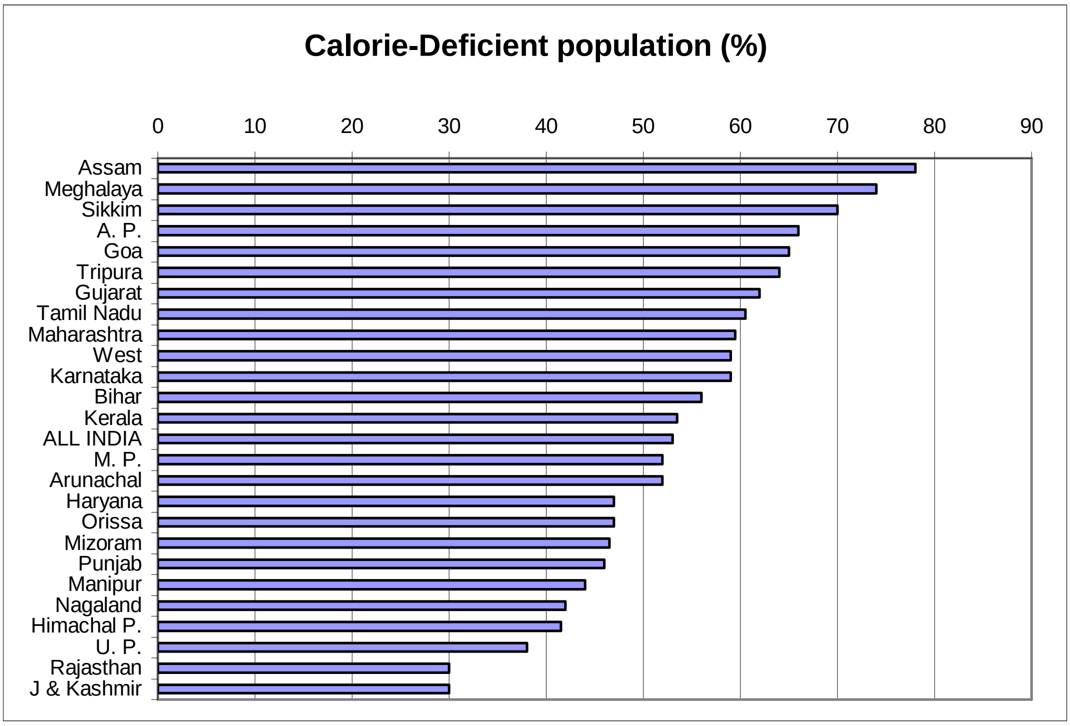
In any case, available information[17] would suggest that South Asia, after Sub-Saharan Africa is the worst performer in terms of approaching the 2015 MDGs targets. Among the indicators not related to environmental concerns, progress relating to only one, namely, the percentage incidence of poverty, is approximately on track; none has yet been met; progress towards half the targets is too slow and will not lead to the expected 2015 MDGs scenario, and the rest show little progress or even retrogressions. As already mentioned, only proportional poverty reduction seems to be on track; however, it may not mean substantial change in the absolute number of the poor (even by official definitions) (for further details, see UN, 2005).

[16] UN Millennium Project. Overview. Pg 4.
[17] Ibid. Pg 15.

Now, we present some indicators of development deficits for India.

Hunger deprivation

Based on the GoI's own calorie-deficiency 2400Kcal/day norm, the World Bank[18] reports that 62% of the Indian population consumed less than the minimum requirement in 1990, 53% in year 2000 and is expected that this will be down to 31% by 2015. The same report presents the figures for Indian states shown in the diagram below, which shows that huge differences characterise average calorie deficiencies across states within India. Some World Bank study also notes that (in 2000), three populous states, with more than 20% of the Indian population, had more than 60% of their citizens suffering from food deprivation.



However, according to another estimate by Patnaik,[19] the figure for calorie-deficient population was 74.5% in year 2000 and is likely to be above 80% by 2004-05 (results were not yet fully available at the time of writing this paper; for details on estimation, see Patnaik, 2006). As the NSS data show, per capita availability of foodgrains has been falling since the early 1990s, and the current level is among the lowest recorded for the last half century; since the early 1990s, it has declined from 177 Kg per person

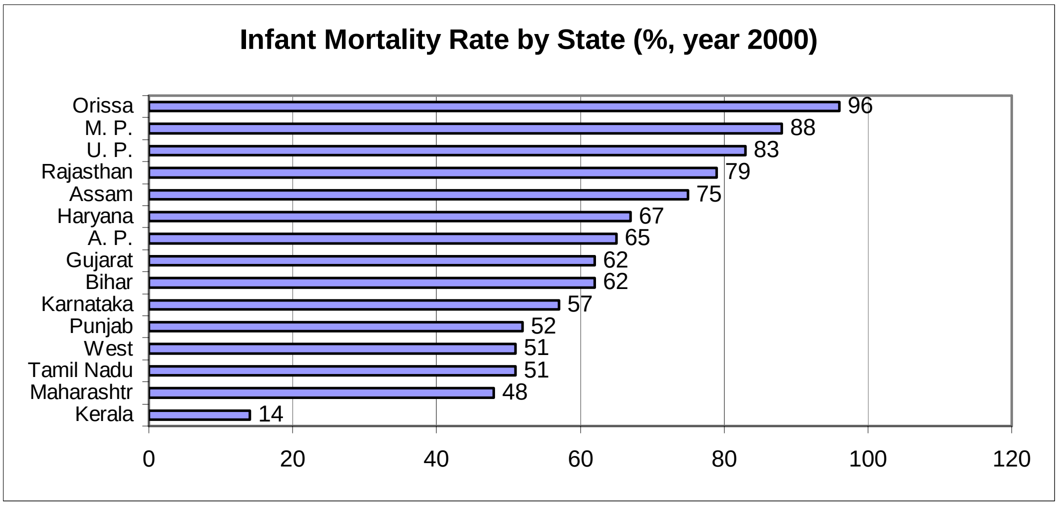
[18] World Bank. "*Attaining the MDGs in India*". Pg 95.
[19] Patnaik, Utsa. "*Poverty and Neoliberalism in India*". Centre for Economic Studies and Planning. Jawaharlal Nehru University. New Delhi. December 2006. Pg 23.

per year to 155 Kg, and this figure is quite close to those recorded around the infamous Bengal famine of the 1940s. Further, Patnaik points out that according to the National Sample Survey, three states had more than one third of the rural population below 1800 calories daily energy intake in 2000, and half of the country's rural population or over 350 million people were below the average food energy intake of the Sub-Saharan countries. Thus, there is already a Sub-Saharan Africa within India in this respect. Unfortunately, the dominant discourses within the government as well as within the academia dismiss the need to urgently address this issue by justifying fall in foodgrains consumption as a matter of voluntary choice, instead of recognizing the devastating effects of such developments.

Infant and child mortality

As per the MDGs, 27 and 32 per thousand live births, respectively, are target - numbers for infant mortality rate (IMR) and under-five child mortality, by 2015[20]. Current trends, if continued, will fall far short of the targets and in fact IMR is not expected to be less than 46 (in 2015). Furthermore, as expected, there are huge disparities between rural and urban areas. As regards the state-wise incidence of the IMR, the following diagram[21] shows that there are great variations among states, Orissa being worst performer with 96 and Kerala the best with 14—comparable to the IMR of any developed country. The diagram also shows that one third of India's population, around 340 million people, live in states with IMR over 70, namely, in Orissa, Madhya Pradesh, Uttar Pradesh, Rajasthan and Assam, while most of the states—with the above mentioned outstanding exception of Kerala – had IMR above 50 in 2000.

[20] Ibid. Pg 4.
[21] World Bank (2004), p. 6.

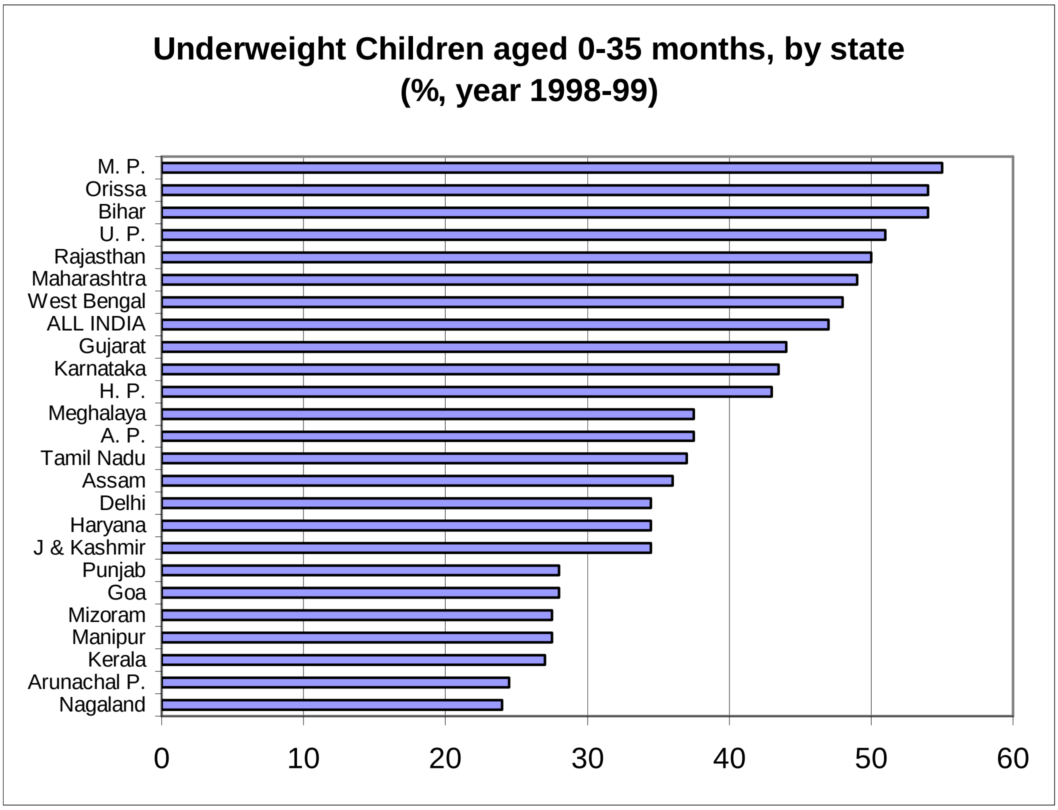


As per the most recent preliminary data obtained by the NFHS-3[22], which were put in public domain in early 2007 (with no state-wise disaggregation), the IMR has steadily declined, for the country as a whole, from 79 to 69 to 57 for the years 1991-92, 1998-99 and 2005-06 respectively, with rural areas showing rates 50% higher than the urban areas. As regards the coverage of children, in the age group 12-23 months, by recommended vaccinations, the figures for 1991-92, 1998-99 and 2005-06 were 36, 42 and 44 percent; apart from the fact that the coverage happens to be disturbingly low, the progress in the recent years appears to have been almost stalled.

Child malnutrition

Child malnutrition is extraordinarily high in India, with close to 50% of under-five children, 37 million, suffering from it. The following diagram summarises the relevant information disaggregated into the states' performances, and shows the child underweight rate:

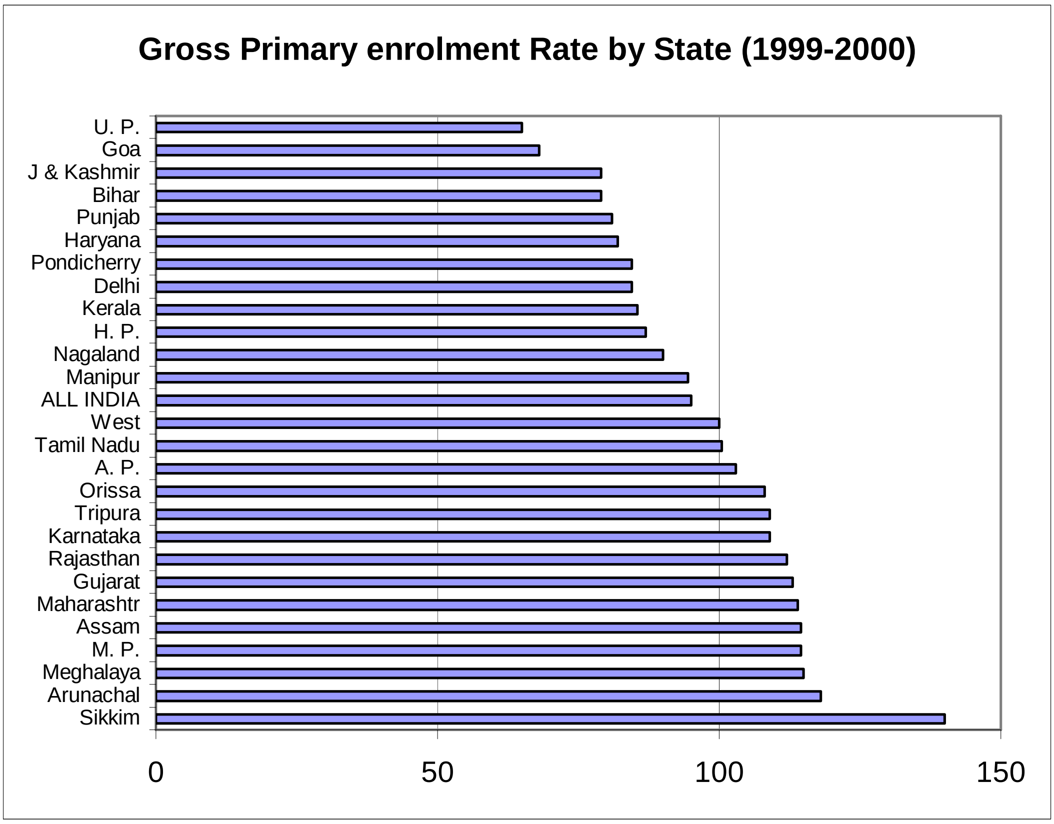
[22] National Family Health Survey 2005-06. In: http://www.nfhsindia.org/factsheet.html , visited on 15 March 2007.



Some of the most populous states have malnutrition figures around 50 percent or more, and these are possibly the worst child malnutrition figures in the world. Compared to these states, Sub-Saharan Africa does much better, with child malnutrition rates almost half of the average for the seven major offender states in India in this respect.

Data for 2005-06 (NFHS-3) show that 46% of under-3-year-old children in India are underweight, showing a decline of merely 1% in relation to the previous 1998-99 survey; the progress, if one can call it that at all, is substantially lower than the 5% decline experienced between 1991-92 and 1998-99. Poor nutrition can also be seen in the widespread prevalence of anaemia among children in the age group of 6-35 months, which affected almost 4 out of 5 children in 2005-06, and it shows a worsening of the situation compared to 1998-99 when 3 in 4 children, in the relevant age-group, were anaemic.

Primary schooling



The above diagram shows the status of gross primary enrolment rate by state in 1999-2000. Again, huge inter-state variations characterise the Indian reality. Indeed, there are all kind of performances and one can notice a substantial spread in the scatter from 70% up to 120%. Overstatement of enrolment rates by schools, officials or families and underestimation of population in schooling age account for a good deal for states having rates over 100%.

In almost six decades since independence, one of the most disappointing aspects of India's development has been its notable failure to rise up to the challenge of universalising primary education. It currently houses the largest number of illiterates compared to any other country, and has the dubious distinction that every third illiterate in the world is an Indian. Despite the rhetoric of according highest priority to universalise elementary education soon after independence, India's record of progress has been a dismal one. As per the most recent decennial Census, conducted in 2001, the average rate of literacy at the national level is still 65 per cent. Female literacy is even lower, around 54 per cent. Female literacy in rural areas is only 47 per cent. Even taking rural and the urban areas together, female literacy falls short of 50 per cent in at least six states, namely, Arunachal Pradesh, Bihar, Jharkhand, Jammu and Kashmir, Rajasthan and Uttar Pradesh. If female literacy rates in the rural areas alone were to be considered, another seven states would get added to this list. They are Andhra Pradesh, Gujarat, Haryana, Karnataka, Madhya Pradesh, Chhattisgarh and Orissa (Census of India 2001).

As per the 55th Round of the NSS (Government of India 1999-2000), out of approximately 200 million children in the age group 6 to 14 years, only 120 million were enrolled in primary and upper primary schools (together comprising class I to VIII) and the net attendance figure was just over 60 per cent (which may be an overestimate) of the enrolled children (Jha 2006). The National Family Health Survey (NFHS) II (Government of India 1998-99) showed that the median number of years of schooling in India was 5.5; as per this source, the states below the cited figure of national average are Bihar (3.5), Assam (4.5), West Bengal (4.5), Madhya Pradesh (4.7), Andhra Pradesh (4.7), undivided Uttar Pradesh (4.8) and Rajasthan (4.8). Most of the major states of the country that have over six years of schooling are in south or west of the country: Kerala (8), Maharashtra (7.1), followed by Punjab, Gujarat, Haryana and Karnataka in that order. Thus, there exists a substantial north–south divide, and only few states, namely, Punjab, Haryana and Himachal Pradesh in the north have comparable performance to the southern states in this regard (Mehrotra 2006).

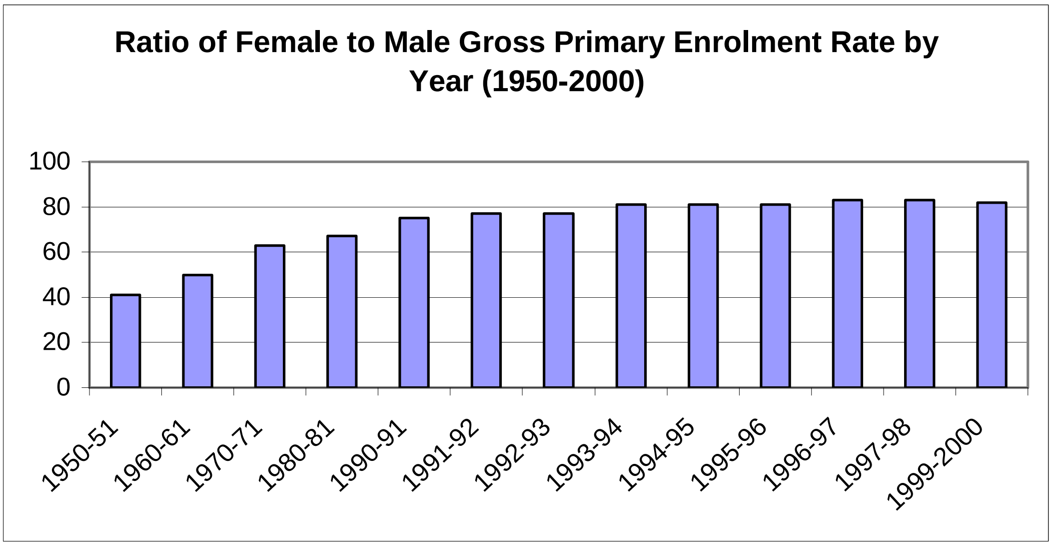
Another disconcerting trend is that the teacher–pupil ratios for primary and upper primary declined from 1:24 and 1:20 in the early 1950s to 1:43 and 1:38 in 1999–2000 respectively (10th Five Year Plan, 2002–7 [Planning Commission 2002]). This has resulted in overcrowded classrooms with pupil–teacher ratios at the primary level being as high as 63 in Bihar and 52 in West Bengal (Mehrotra 2006).

Gender disparity in schooling

Gender disparities are large in India, starting from the early stages of girls' lives. Indeed, the last government population census (2001)[23] shows an average female to male ratio of 93.3%, which cannot be caused by nature. This 'missing women'

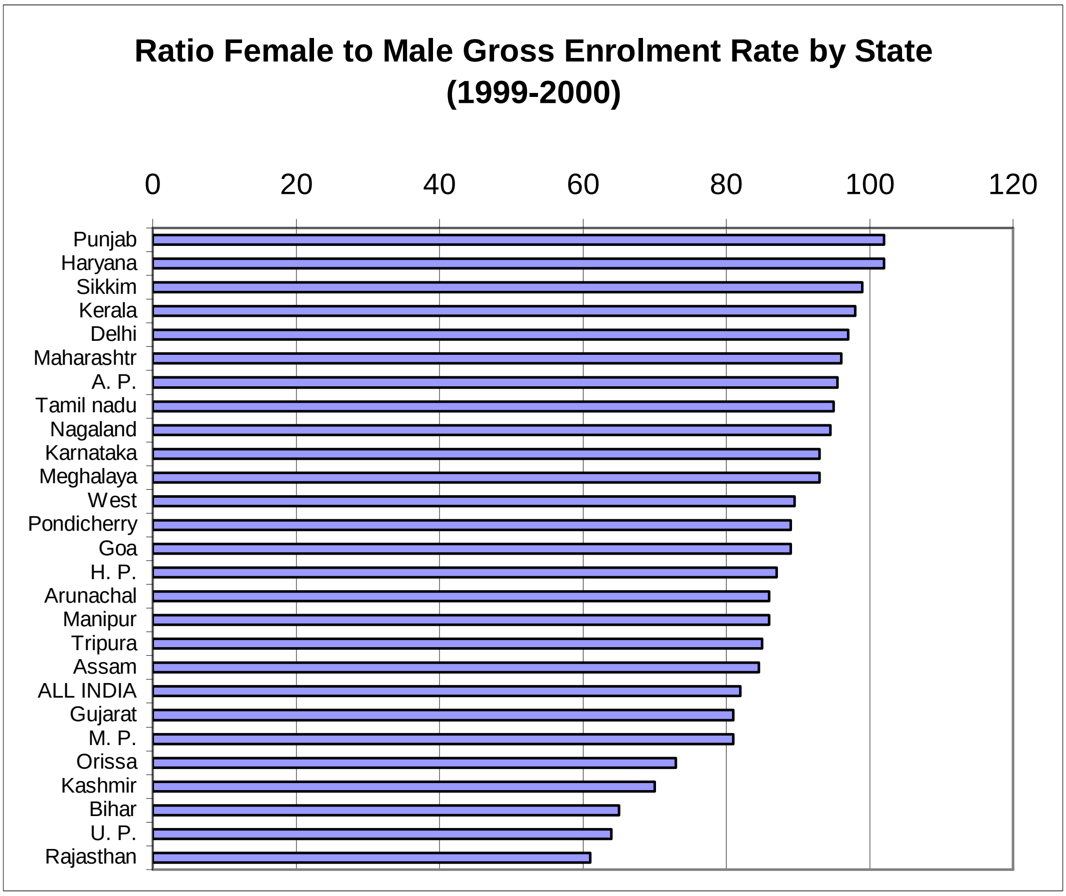
[23] To check population tables, see Government of India. In: www.censusindia.net visited on 8 May 2005.

phenomenon has been studied in detail by Amartya Sen[24] and is thought to be due to family neglect and discrimination. He suggests a figure of 37 million missing women for India.

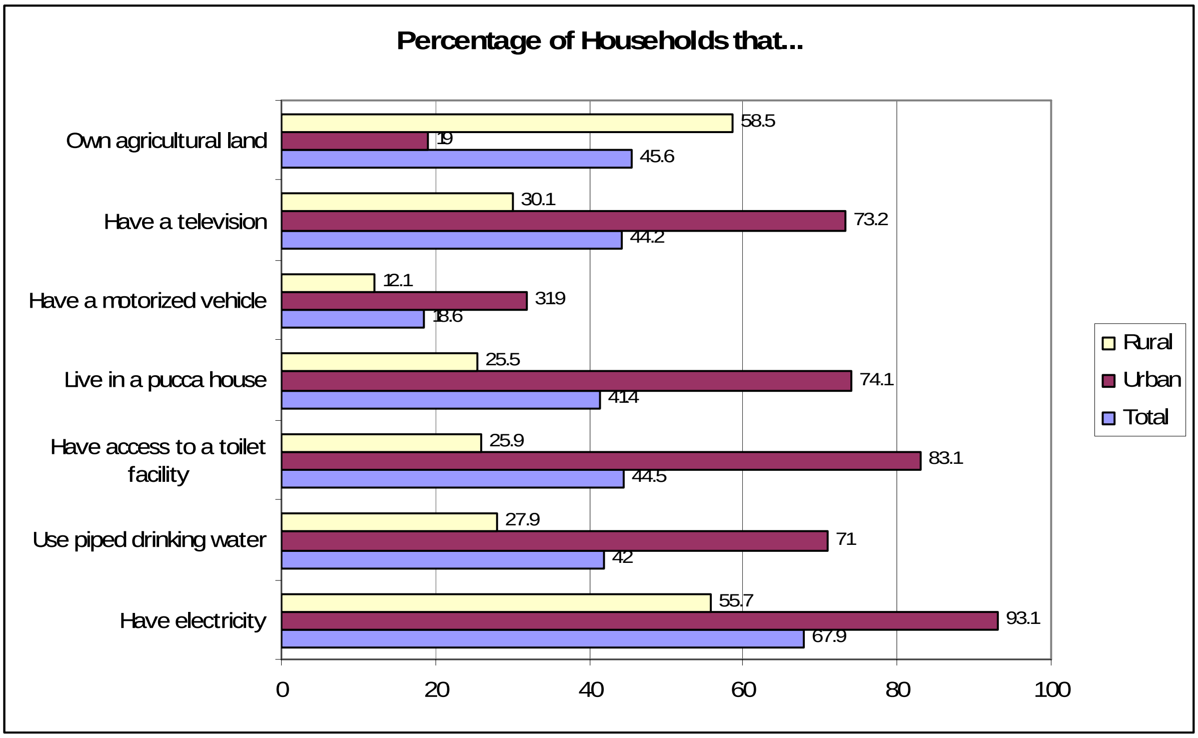


As regards schooling opportunities for girls, the previous and the following diagrammes[25] show, respectively, the ratio of female to male gross primary enrolment rate for the second half of the Twentieth century and the same ratio by state. Substantial advances characterise the first four decades, but the ratio of around 80% has been stagnant since then—with data up to 2000. Once again, inter-state variations are very significant with Punjab, Haryana, Sikkim and Kerala performing outstandingly, in some cases with higher female than male enrolment. Mainly three populous states are responsible for the low national average, namely Bihar (83 million), Rajasthan (57 million) and Uttar Pradesh (166 million).

[24] Sen, AK. "*Many faces of gender inequality*". 2001.
[25] World Bank. "*Attaining the MDGs in India*". Pg 83.



It is worth stressing that the divide between urban and rural India, in terms of most indicators of wellbeing, is a huge one. As reported by the GoI, for the indicators of access to safe water, Pucca House, literacy, formal education and life expectancy, the gap is truly alarming. For instance, most recent data obtained by the NFHS-3 for 2005-06 show that slightly less than half of all births are assisted by professional personnel nationwide, whereas this figure is only 25 percent for rural India. This survey also presents some interesting information as regards to household access to a set of basic goods, and the following diagram is quite revealing.



Furthermore, not only is deprivation concentrated in certain regions, but also it is disproportionately high among historically marginalised groups such as scheduled castes (SCs), scheduled tribes (STs), etc. For instance, data on landlessness shows that in 1999-2000, around 40.9% of all rural households were landless, but this figure was substantially higher at 55.5% for scheduled caste households and at 64.5% for scheduled caste agricultural labour households.[26] Recent evidence suggest that poverty is increasingly concentrated in a few geographical locations and among specific social groups, particularly the scheduled tribes and castes (Radhakrishna and Rao, 2006). The extreme poverty of such groups renders them most vulnerable for exploitation and violation of their human rights, with 80% to 90% of all bonded labourers in India belonging to the SCs and STs (Dabhi, 2006).

Social groups such as untouchables, tribal, nomadic, semi-nomadic people and de-notified tribes are, moreover, subjected to a range of social exclusion processes which further intensify the causes of deprivation. Thorat[27] argues that about 250 million Indians belonging to these groups experience some kind of exclusion which reinforces their multidimensional deprivation, not only due to administrative biases but also, and often, due to market exclusion. A similar situation obtains in

[26] Centre for Economic Studies and Planning, JNU, based on NSS 1999-2000 data. In: Jha, Praveen. "*Land and Poverty*".
[27] Thorat, Sukhadeo. "*Empowering Marginalised Groups: Policies and Change*". March 2005.

terms of gender inequalities, as women lag behind their masculine counterparts, in terms of different indicators of well-being, even when they belong to the same socio-economic context.

We have mentioned earlier in this paper that in many respects, India's development deficits are comparable to Sub-Saharan Africa's and Table-1 in the Appendix tries to provide a kind of comparable profile. Even though the incidence of poverty, in terms of the percentage of population with less than 1 PPP $ a day in sub-Saharan Africa is higher than in India, in terms of absolute count, the latter is worse off; India has almost 60 million more poor than Sub-Saharan Africa. In terms of a few other indicator as well, even when we look at the average figures for India, they seem as bad as those in the Sub-Saharan Africa. However, if we look at some of India's most populous and backward states, and historically marginalized groups, the picture tends to women, as may be seen from Table 2 in the Appendix.

Finally, it is important to note that given the limited scope of this paper, as also the extreme difficulties of getting the reliable data, no attention is paid here to issues relating to quality. However, generally speaking, there are serious problems with quality with respect to many of the indicators of achievement. Just to take one example: going by enrolment statistics in India's schools, one may think that the country is doing well; however, one would do well to remember that, as per the recent count, around one-fifth of all primary rural schools in the country did not have any building and another one-fourth had only one room and one teacher for all (five) classes. One may very well imagine the quality of 'learning' with such infrastructure. Likewise, there are problems with several other quantitative indicators of achievement, but we are not in a position to pursue these here.

In sum, it is more than evident, for those who care to see, that the promise of a wonderland by the magic of the market will continue to elude very large segments of India's population. India probably has more billionaires now than in any other country in Asia, and is now a member of the elite trillion-plus worth of GDP (both in terms of the US dollars), but it also has the horrendous attribute of housing millions of destitutes who remain either outside the growth dynamics or are adversely impacted by it. Sure enough, India's GDP growth rate has been more than respectable for some time, and has even accelerated in the reform period, development deficits are huge, and can hardly be addressed by the pursuit of neo-liberal policies. India has a huge challenge on its hands, in terms of designing and putting in place, a robust framework that facilitates mechanisms for inclusive growth. Metaphors from historical experiences are often treacherous and simplistic; nonetheless they may be of some value as shorthands. In this respect probably India's recent experience is reminiscent of the post World War-II Brazilian road in the 1950s and 60s, which was that of high growth with little gains for the masses; however, what the policy makers in the country need to turn towards for some lessons is the much-talked about the East Asian road of inclusive growth.

Table 1

	Key MDG indicators for Sub Saharan Africa and disaggregated South Asia[28]						
	Indicator	**Sub Saharan Africa**	**South Asia**	**India**	**Bangladesh**	**Nepal**	**Pakistan**
1	Population (in million) [2004][a]	725.8	1,446.8	1,079.7	139.2	26.6	152.1
2	% of Population < $ 1 per day (with Purchasing Power Parity)	**46** [2001][a]	**31** [2001][b]	**34.7** [1990-2002][c]	**36** [1990-2002][c]	**37.7** [1990-2002][c]	**13.4** [1990-200
	Population (in m.) < $ 1 per day (1995 PPP US$) [2002][a]	303	437	363.8	48.8	6.5 [2004][a]	19.42
3	Under 5 Mortality Rate (per 1,000) [2004][h]	174	84	85	77	76	101
4	Maternal Mortality Rate (per 100,000 live births)	920 [2000] [b]	520 [2000] [b]	540 [2000] [c]	380 [2000][c]	740 [2000][c]	500 [2000][c]
5	% of Underweight Children among Children under 5 yrs age	31 [2002][d]	47 [2002][d]	47 [1995-2002][c]	48 [1995-2002][c]	48 [1995-2002][c]	38 [1995-200
6	TB- Prevalence Rate (per 100,000 Population)	492 [2002][d]	343 [2002][d]	344 [2000][c]	447 [2000][c]	271 [2000][c]	379 [2000][c]
	No. of people affected by TB (in million) [2004][h]	3.39	4.81	3.61	0.61	0.07	0.55
7	Malaria Cases per 100,000 people	90% of all world cases[i]	…	193 [2000][g]	40 [2000][c]	33 [2000][c]	58 [2000][c]
	No. of people affected by Malaria (in million)	…	…	0.07	0.05	0.01	0.08
8	Primary Education Completion Rate (%) [2004][j]	56.4	82.3	85.5	76.4	71	…
9	% of Population having access to Safe Water [2004][h]	56	85	86	74	90	91
	Population without access to Safe Water (in million)	319	217	151	36.2	2.62	13.7
10	% of Population having access to Improved Sanitation [2004][h]	37	37	33	39	35	59
	Population without access to Improved Sanitation (in million)	457	911	723	84.9	17.3	62.4
11	Female Economic Activity as % of male rate [2004][i]	73	44	41	63	61	38
	Proportion of Seats held by Women in National Parliament (Single or Lower House only) (%)	13.4 [2004][d]	8.5 [2004][d]	8.8 [2004][c]	2 [2004][c]	5.9 [2004][c]	21.6 [2004][c]

[28] **Sources**: **a.**World Development Indicators 2006, The World Bank **b.**UN Millennium Project – Full Report submitted to UN Secretary General (www.undp.org) **c.**Human Development Report 2004, UNDP **d.**Website of the U.N. Statistics Division **e.**Percentage of Students enrolled in the Final Grade of Primary School **f.** % of Grade I students who reach Grade V. **g**. Human Development Report 2002, UNDP. **h.** Human Development Report 2006, UNDP. **i**. The Global Fund to fight AIDS, Tuberculosis and Malaria. 2007. "Partners in Impact – Results Report 2007". Geneva. www.theglobalfund.org, visited on 15 March 2007. **j**. UN Statistics Division. Millennium Development Goals Indicators. www.mdgs.org, visited on 15 March 2007.

Table 2

	Disaggregated key MGD indicators for BIMAROU States and SCs/STs[29]							
	Indicator	**Bihar**	**Madhya Pradesh**	**Rajas-than**	**Uttar Pra-desh**	**Orissa**	**SCs**	**STs**
1	Population (in million) [2001][a]	83	60.3	56.4	166	36.7	179.7 [2001][b]	88.8 [2001][b]
2	Under 5 Mortality Rate (per 1000) [1998][c]	105.1	137.6	114.9	122.5	104.4	119.3	126.6
3	MMR (per 100,000 live births) [1998][a]	452	498	670	707	367	…	…
4	% of Underweight Children among Children under **3** yrs age [1998][c]	54	55	51	52	54	53.5	55.9
5	TB Prevalence Rate (per 100,000 population) [2001-02][d]	42.5	115.49	150.1	124.22	53.06	…	…
	No. of people affected by TB (in million) [2001-02][d]	0.04	0.07	0.08	0.21	0.02	…	…
6	Malaria Cases (per 100,000 population) [2001][e]	4.95	303.68	229.14	56.94	1238.53	…	…
	No. of people affected by Malaria (in million) [2001][e]	0.004	0.18	0.13	0.09	0.45	…	…
7	Gross Enrolment Ratio (Class I to V) [2002-03][f]	73.52	95.02	97.25	91.25	103.02	96.8 [2001][g]	101.1 [2001][g]
	Drop-out Rates in Class I to V [1998-99][h]	59.65	23.27	55.30	49.85	49.61	44.27 [1998-9][b]	57.36 [1998-99][b]
	(Estimated) No. of Children in the age group of 6-14 years who are **out of school** (in million) {All India figure: 35.36 m} [2000-01][i]	8.4	1.4	0.21	15.9	0.64	…	…
8	% of Population having access to Safe Water [2001][f]	86.6	68.4	68.2	86.6	64.2	63.6 [1991][h]	43.2 [1991][h]
	No. of People **without** access to Safe Water (in million)	11.12	19.05	17.94	22.24	13.14	…	…
9	% of Population having access to Improved Sanitation [1997][a]	58	8	65	33	9	11.16 [1991][h]	7.22 [1991][h]
	No. of People **without** access to Improved Sanitation (in million)	34.86	55.48	19.74	111.22	33.4	…	…

[29] **Sources**: **a**.Human Development Fact Sheets, Human Resource Development Centre, UNDP (India) (http://hdrc.undp.org.in) **b**.Tenth Five Year Plan, Planning Commission of India (http://planningcommission.nic.in) **c**.National Family Health Survey-II, 1998 (Cited in National Health Policy 2002, Government of India) **d**.Calculated from the data on No. of TB Cases Detected under Revised National TB Control Programme (RNTCP); Data Source: Rajya Sabha Unstarred Question No. 1289 dated 15.12.2003 (Cited in www.indiastat.com) **e**.Calculated from the data on No. of Malaria Cases; Data Source: Ministry of Health and Family Welfare, and Lok Sabha Starred Question No. 446 dated 27.04.2005 (Cited in www.indiastat.com) **f**.Economic Survey 2004-05, Government of India **g**.Selected Educational Statistics 2000-2001, Government of India **h**.National Human Development Report 2001, Planning Commission, Government of India **i**.Rajya Sabha Unstarred Question No. 1908, dated 10.03.2003.

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