

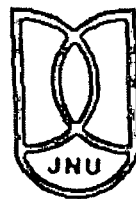
**Initiatives on Alleviating Poverty in India:
Ideas of Amartya Sen**



*Dissertation submitted to the Jawaharlal Nehru University
in partial fulfilment of the requirements
for the award of the degree of*

Master of Philosophy

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CERTIFICATE

This Dissertation entitled “**Initiatives on Alleviating Poverty in India: Ideas of Amartya Sen**” submitted in partial fulfilment for the M. Phil degree of this university has not been previously submitted for any other degree or any other university and is my original work.

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Introduction

Poverty amid plenty is the world's greatest challenge. We live in a world of unprecedented opulence, of a kind that would have been hard even to imagine a century or two ago. The twentieth century has established democratic and participatory governance as the preeminent model of political organization. Concepts of human rights and political liberty are now very much a part of the prevailing rhetoric. Also, the different regions of the globe are now more closely linked than they have ever been. This is so not only in the fields of trade, commerce and communication, but also in terms of interactive ideas and ideals. And yet we also live in a world with remarkable deprivation, destitution and oppression.

I wish to study the process of development in India, with special reference to its implications in terms of poverty, which disables people politically, materially, socially and emotionally. The study benefits immensely from the views of Amartya Sen in understanding poverty in its multidimensionality. I would also critically examine the viability of Sen's prescription to alleviate poverty in the specific context of India. Sen's assessment of the failure to eliminate basic deprivation envisages not only income inequality, but also the inadequate public involvement in promotion of basic education, health care and other direct means of promoting human capabilities. This, I believe, lends a human dimension to the understanding of poverty.

Human development is about people, about expanding their choices to live full, creative lives with freedom and dignity. Economic growth increased trade and investment, technological advance — all are very important. But they are means, not ends. Fundamental to expanding human choices is building human capabilities: the range of things that people can be. The most basic capabilities for human development are living a long and healthy life, being educated, having a decent standard of living and enjoying political and civil freedoms to participate in the life of one's community. It also requires that people participate meaningfully in public decisions. The use of democratic prerogatives — both political liberties and civil rights — is a crucial part of the exercise of economic policy making itself, in addition to other roles it may have.

The fostering of fast and participatory economic growth in India has willy-nilly led to unprecedented opulence coupled with remarkable deprivation, destitution and oppression. Clearly, the development strategies adopted have not been uniformly beneficial; certain sections of the population remain systematically underprivileged. This raises a host of questions and issues in my mind. Development and growth are not only about liberalization and economic incentives, but also about removing the real sources of deprivation and these sources need to be addressed.

Distinctly, growth requires some basic social change, and the failure to eliminate basic deprivation has to go beyond this limited focus (where economic growth is equated with a rise in GNP). Thus, as Sen argues, success in economic growth must ultimately be judged by what it does to our lives – the quality of life we can enjoy, and the liberties we can exercise.¹ The Millennium Development Goals² and the promotion of human development share a common motivation and reflect a vital commitment to promoting human well-being that entails dignity, freedom and equality for all people. The values of freedom, equality, solidarity, tolerance, respect for nature have much in common with the conception of human well-being in the concept of human development. They also mirror the fundamental motivation for human rights. Thus, human development and human rights share the same motivation. Every human development report has argued that the purpose of development is to improve people's lives by expanding their choices, freedom and dignity. Poverty involves much more than the restrictions imposed by lack of income. It also entails lack of basic capabilities to lead full, creative lives—as when people suffer from poor health, are excluded from participating in the decisions that affect their communities or have no right to guide the course of their lives. Such deprivations distinguish human poverty from income poverty.³

¹ This concerns the intrinsic importance of the quality of human life- not seeing it *just* as an instrument for promoting economic growth and success.

² The Millennium Development Goals, born of the historic Millennium Declaration adopted by 189 countries at the UN Millennium Summit in September 2000, range from halving extreme poverty to halting the spread of HIV/AIDS to enrolling all boys and girls everywhere in primary school by 2015, are transforming development. Governments, aid agencies and civil society organizations everywhere are reorienting their work around the Goals. The Human Development Report 2003 centres on these Goals.

³ UNDP, Human Development Report 2003, Oxford University Press, New York, p.27.

The relative importance that is attached, in much of economics, to inequality in a very narrow domain, viz., income inequality is very disquieting. This narrowness has the effect of contributing to the neglect of other ways of seeing inequality and equity, which has far-reaching bearing on the making of public policy. Policy debates have indeed been distorted by overemphasis on income poverty and income inequality, to the neglect of deprivations that relate to other variables, such as unemployment, ill health, lack of education, and social exclusion.

My thesis takes up the following two questions that the debate on development has brought to the fore for understanding poverty in India. 1. Is it justified to view poverty as solely income deprivation? 2. What is the significance of a nuanced understanding of poverty, which incorporates capability deprivation as well, to policies that aim at engineering poverty out in India?

The significance of these questions lies in the implications their answers have for ameliorating poverty in India. With reference to the first question, the development planners often claimed that the growth in the Gross National Product (GNP) would filter down and that the benefits of economic development would make a dent on the problems of mass poverty. The development economists conceived their task not as the eradication of the worst forms of poverty but as the pursuit of certain high levels of per capita income. They were convinced that the latter was a necessary condition for the former but they did not, in fact, give much thought to the interconnection. They chased elusive per capita income levels, they fussed about high growth rates in GNP, they constantly worried about “how much was produced and how fast” and they cared much less about “what was produced and how it was distributed.” This pursuit of GNP growth was not necessarily wrong; it only blurred their vision. If eradication of poverty was the real objective, why did so little professional work go into determining the extent of unemployment, maldistribution of incomes, malnutrition, shelterless population or other forms of poverty?

Besides the constant preoccupation with GNP growth, another way the development planners went wrong was in assuming that income distribution policies could be divorced from growth policies and could be added later to obtain whatever distribution they desired. Here they placed a misguided faith in the fiscal systems of developing countries and a fairly naive understanding of the interplay of economic and political institutions. It was realized later that once production was so organized as to leave a fairly large number of people unemployed, it becomes almost impossible to redistribute incomes to those who are not even participating in the production stream. The very pattern and organization of production itself dictates a pattern of consumption and distribution, which is politically very difficult to change. Once the GNP has increased by producing more luxury houses and cars, it is not very easy to convert them into low-cost housing or bus transport. A certain pattern of consumption and distribution inevitably follows. The distribution policies must be built into the very pattern and organization of production. All this requires examination.

This thesis is divided into four chapters. Chapter 1 addresses the criticism that the debate on development has thrown up. It has been argued that the objective of development must be viewed as a selective attack on the worst forms of poverty. Development goals must be defined in terms of progressive reduction and eventual elimination of malnutrition, disease, illiteracy, squalor, unemployment and inequalities. The traditional conception, which equated development with a rise in the GNP, assumed that if one took care of the GNP, this would take care of poverty. What was required was a reversal of this trend. In other words, the moot point was to worry about the *content* of the GNP even more than its rate of increase. Through the UNDP Human Development reports, Mahbub ul Haq has often reiterated that growth *per se* does not lead to human development.

Growth is important but the nature of growth, its character and distribution are just as important. A link between growth and human lives has to be created consciously through deliberate public policy, such as public spending on social services and fiscal policy to redistribute income and assets. This link may not exist in the automatic workings of the markets. This is particularly true in the context of India with numerous poor and illiterate

people and malnourished children, with huge deprivations in all other indicators of social development. I use the arguments of Amartya Sen and Mahbub ul Haq in this section.

The second chapter addresses the first question for this thesis, the one about the significance of adducing income inequality solely as a justifiable criterion in poverty analysis. The chapter benefits heavily from Amartya Sen's conceptualization of poverty, which seeks to provide us with interesting answers to the question posed. On Sen's view, if there is reason to grumble, it rests more on the relative importance that is attached, in much of economics, to inequality in a very narrow domain, viz., income inequality. This narrowness glosses over the other ways of viewing poverty, which has far-reaching bearing on public policy. Over-emphasis on income poverty has led to the distortion of policy debates, to the exclusion of deprivations that relate to other variables, such as unemployment, ill health, lack of education, and social exclusion.

Sen also contends that in contemporary economic analysis the emphasis has, to a considerable extent, shifted from seeing capital accumulation in primarily physical terms to viewing it as a process in which the productive quality of human beings is integrally involved. For example, through education, learning, and skill formation, people can become much more productive over time, and this contributes greatly to the process of economic expansion. However, Sen avers that the literature on human capital tends to focus on the agency of human beings in augmenting production possibilities. The perspective of human capability focuses, on the other hand, on the ability — the substantive freedom — of people to lead the lives they have reason to value and to enhance the real choices they have. The two perspectives cannot but be related, since both are concerned with the role of human beings, and in particular with the actual abilities that they achieve and acquire. But the yardstick of assessment concentrates on different achievements. In other words, if education makes a person more efficient in commodity production, then this is clearly an enhancement of human capital. This can add to the value of production in the economy and also to the income of the person who has been educated. But even with the same level of income, a person may benefit from education — in reading, communicating, arguing, in being able to choose in a more

informed way, in being taken more seriously by others and so on. The benefits of education, thus, exceed its role as human capital in commodity production. The broader human capability perspective would note — and value — these additional roles as well. The two perspectives are, thus, closely related but distinct.

The capability perspective involves, to some extent, a return to an integrated approach to economic and social development championed particularly by Adam Smith (both in the *Wealth of Nations* and in *The Theory of Moral Sentiments*). In analyzing the determination of production possibilities, Smith emphasized the role of education as well as division of labour, learning by doing and skill formation. But the development of human capability in leading a worthwhile life (as well as in being more productive) is quite central to Smith's analysis of "wealth of nations."

In this perspective, poverty must be seen as the deprivation of basic capabilities rather than merely as lowness of incomes, which is the standard criterion of identification of poverty. The perspective of capability-poverty does not involve any denial of the sensible view that low income is clearly one of the major causes of poverty, since lack of income can be a principal reason for a person's capability deprivation. While it is important to distinguish conceptually the notion of poverty as capability inadequacy from that of poverty as lowness of income, the two perspectives cannot but be related, since income is such an important means to capabilities. And since enhanced capability in leading a life would tend, typically, to expand a person's ability to be more productive and earn a higher income, we would also expect a connection going from capability improvement to greater earning power and not only the other way around.

The latter connection can be particularly important for the removal of income poverty. It is not only the case that, say, better basic education and health care improve the quality of life directly; they also increase a person's ability to earn an income and be free of income-poverty as well. The more inclusive the reach of education and health-care, the more likely it is that even the potentially poor would have a better chance of overcoming penury.

Given the significance of a device like capability deprivation, the third chapter of this thesis looks closely at the poverty scenario in India, which seeks to ground poverty within the bracket of income deprivation. It traces the attention paid by policy makers to ameliorating poverty in India, through the years of development planning to the era of economic reforms. While a debate is generated on the viability of economic reforms in containing poverty in India, a consensus is arrived on the contention that the lacuna should not be traced either to the ineffective centralized planning or to the ushering in of liberalization. The need of the hour is a synergetic relationship between the two to stem poverty.

The significance of poverty as capability deprivation to understanding poverty in India, which is the second question we sought to address, prompts us to the fourth chapter of this thesis. The persistence of poverty in the midst of unprecedented opulence must be seen as being morally outrageous and politically unacceptable. Therefore, the moot point is to identify what in effect is responsible for engineering poverty out. This chapter facilitates in dilating precisely this view. I examine what ails India's poverty alleviation programmes and seek to salvage the same by incorporating Sen's recipe to ameliorate poverty. While examining the significance of Sen's contention of poverty as capability-deprivation (along with income inequality), coupled with failure of exchange entitlement, we find that, in India, the traditional notion of poverty as income deprivation, which still holds sway, has not been helpful in rooting out poverty. Clearly, the capabilities approach shows the way ahead in drawing a more meaningful understanding of poverty. Such an approach gains succour from the experiences of many Asian economies — first Japan, and then South Korea, Taiwan, Hong Kong, Singapore and later post-reform China and Thailand, that have done remarkably well in spreading the economic opportunities through an adequately supportive social background, including high levels of literacy, numeracy, and basic education; good general health care; completed land reforms; and so on. The second section of this chapter attempts a critique of Amartya Sen, which is primarily grounded on the relevance ascribed by Sen to the effectiveness of a democracy in averting famines. The opponents of this view argue as to how would one account for

the numerous starvation deaths in a democracy like India? What such a criticism does, in effect, is to gloss over the essence of Sen. For Sen famines imply starvation, but not vice versa. While democracies provide opportunities for public agitation to redress injustices, the occurrence of starvation deaths also highlight how India has poorly done in meeting basic social needs. Thus, Sen urges one to distinguish between the role of democracy in preventing famine and the comparative ineffectiveness in preventing regular undernourishment. If anything, such a multidimensional understanding of poverty as not just income-deprivation, but also as capability deprivation is urgent in a country like India.

Chapter 1: The Trajectory of Development – A Mutation from Economic Development to Human Development

One of the most ambiguous and value loaded words in social sciences is development. We can probably define development as the organized intervention in collective affairs according to a standard of improvement. What constitutes improvement and what is appropriate intervention obviously vary according to class, culture, historical context and relations of power. Development is a negotiation of these issues. Yet it is extremely important to unravel and understand the varied meanings and dimensions the concept throws up. The journey is interesting as the discourse throws up many contradictions and challenges that only seem to add on to the dynamism of the term ‘development.’

This chapter is divided into two sections. The first section identifies the concept of development in dimensions of western notions of growth, rationality and scientific temper. The second section challenges such a narrow parochial understanding of the concept by projecting a critique to the ‘western’ model of development.

I

Views of development are inevitably linked to some idea of progress, which involves a change or an evolution from one state to the other both of which may be real or idealized.¹ In economic literature development is perceived as a unilinear movement towards a condition of maximum industrialization, modern technology, highest material standards of living.

Philosophically, ‘development’ implies ‘progress’, which itself implies evolution towards some ultimate good.² Good development modes tend to be measured in

¹ David Harrison, The Sociology of Modernization and Development, Heritage Publishers, New Delhi, 1989, p.153.

² Ernest Gellner, Thought and Change, Weidenfield and Nicholson, London, 1964, pp.1-81.

terms of 'tidiness' as much as explanatory value and the bulk of theories of development rest on an evolutionary assumption that equates progressive development with material or / and technological advancement.³ Non development is described as some kind of impediment to the normal if inevitable process of development.

For our purposes of understanding and analysis we can study 'development' by tracing its genesis to a response to an age characterized by the absolutist state, established religion and a society encrusted with restrictive customs and authoritarian ways. Thus, the concept of development arose in its nascent form in Europe in a peculiar historical setting. The stage was set by Renaissance, Reformation and the Scientific Revolution. Its intellectual content was shaped by the Enlightenment. Its political and economic foundations were laid by the Industrial Revolution.

The Renaissance denotes that period of European history, which was characterized by the revival of art and literature under the influence of classical models. This began in Italy in the fourteenth century and subsequently spread to France, Spain, Germany, and northern Europe in varying forms. It brought about a total change in man's outlook on life, which extended into the philosophical, scientific, economic and technical fields. This was attended by several historical developments which gave an impetus to the process, viz., the fall of Constantinople, the invention of the printing press and the discovery of America. The Greek scholars who fled to Italy after the fall of Constantinople, brought with them an immense cargo of classical manuscripts embodying some brilliant ideas which were new to medieval European mode of thought. However, the most important factor responsible for the acceptance of those ideas was the rise of a new merchant class that prompted individualist attitudes in economic affairs and prepared the way for individualism and humanism. The new wealthy class, in due course, became the patron of arts, which ended the monopoly of the church in this sphere. As a result, the artist

³ Sandra Wallman (ed.), Perceptions of Development, Cambridge University Press, Cambridge, 1977, p.3.

became free to express himself, more respected and more well to do. Art was no longer meant to serve as an instrument of religious teaching, as the medieval Church had required, but an effective medium to delight the senses of man and to enrich his life. Thus art and literature, science and technology – all contributed to the development of new social and political ideas during this period. In short, the spirit of the Renaissance was secular; it stood for shifting of human interest from the next world to the charm of life upon earth.

The Reformation signifies the great religious movement of sixteenth century Europe, which resulted in the establishment of Protestantism. This movement was led by Martin Luther in Germany and spread to Switzerland, the Scandinavian countries, England and Scotland. In brief, the Reformation advocated private judgment in interpreting the Bible, thus promoting individualism in religion. It challenged the exclusive authority of the Catholic church and brought about a diversity of Christian sects. The Protestants maintained that each believer could communicate directly with God without depending upon a priest or Church hierarchy. This doctrine promoted belief in the rational nature of man who was regarded as capable of realizing the truth independently. This belief eventually became a guiding principle of liberalism.

The Scientific Revolution of the sixteenth and seventeenth centuries revealed that the world was a machine run by universal, automatic, immutable laws that regulated the world thoroughly. It encouraged the scientific method of discovering the truth, which became the cornerstone of liberalism.

During the eighteenth century, the Enlightenment or the Age of Reason brought about an intellectual revolution that encompassed almost all the Western world. The famous thinkers like Voltaire, Rousseau, Diderot and Montesquieu in France; Locke, Hume and Adam Smith in Britain; Goethe, Lessing and Kant in Germany; Vico and Beccaria in Italy; and Jefferson, Franklin and Paine in America accomplished a profound change in the ideas and outlook of their age.

These thinkers were strongly convinced that 'Reason' was the best instrument of discovering the truth in any sphere of life. In their brilliant works they made a notable attempt to reduce social and political problems to scientific terms, and to discover universal principles for a proper understanding and solution of these problems. Their ideas and approach, undoubtedly, served as a model for liberalism. The Industrial Revolution was a natural outcome of the scientific revolution in the economic sphere. The scientific revolution was responsible for the invention of new machines, which served to transform the mode of production from an agrarian to an industrial system.

In other words, with the advent of the industrial revolution, agriculture was replaced by industry as the chief mode of production as also the main source of wealth. So long as agriculture was the chief mode of production, the wealth of an individual depended on his ownership of land. This had given rise to a rigid division of society into 'landed aristocracy' and the peasant class. As land could not be multiplied, and the pattern of its ownership could not be changed because the peasants had no opportunities of earning beyond a mere subsistence, the agricultural mode of production was responsible for perpetuating the feudal system in the Middle Ages.

However, with the introduction of an industrial mode of production, new machines and new ideas became a source of earning wealth. The industries produced a variety of goods on a large scale, which needed new markets for their distribution. This opened new frontiers of commerce. Thus industry and commerce offered new and promising fields for the men of ideas, who could launch new enterprises, raise and multiply their capital and thus control the newly developed means of production. A new industrial merchant class thus came into being. As this new class acquired more and more economic power, it advanced its claim for a share in political power as well. The path was thus set for the capitalist system to gain ground. Embedded in the doctrine of *laissez faire*, capitalism sought to focus chiefly on production and enhancing profit to the complete exclusion of social

welfare. This led to widening the rift between the prosperous and the not so prosperous not only within a state but also among nations.

Development came to be associated with economic growth. At this juncture it would be useful to study the various notions, which have had an effective bearing on the concept of development.

The first premise of development, as seen earlier, is based on the assumption that development follows a unilinear and progressive sequence. Any non-development is seen as unnatural which carries its own cures – material aid, improving organizational skills etc. Alternatively, it has been said that opportunities to develop are there but not grasped due to inappropriate traditions or institutions or because they themselves are inappropriate and threaten the traditional system. The defining features of this class of theory are that development is progressive and good and it is normal if not inevitable.

The second theoretical perception states that there are limits to economic growth and goodness of growth and development should not become inevitable and infinite. This perception however does not give any alternative to the 'inevitable development' and as such does not take into account the possibility of re-distribution to counter overgrowth and non-development and of the other inputs into the ecological or socio ecological system.

The third category, contemporary with the second, dilates the need for the effects of technical ecological factors to be minimized and emphasis put on political economic relations. It tries to study both development and non-development within the international system. It states that the development of some nations can be held responsible for the non-development of other nations, as the resources necessary for development are kept away from the weaker nations by the stronger

nations. In some cases, this process of unequal growth is automatic, or at least not 'directly intended' and in some others it is conspired.⁴

Clearly, then, there is no agreed definition of development. It is a normative term which at various times have meant economic growth, structural economic change, autonomous industrialization, capitalism and socialism, self actualisation and individual, national, regional and cultural self reliance.

It may be noted that our understanding of development so far has its sources mainly in economics. It would be interesting to study the evolution of the concept in social sciences. The same can be traced to the years following World War II, where the concept of modernization was accepted by the social scientists, planners and politicians in the West and in the third world.

The unit of analysis here usually was the nation-state and the nations of the third world were placed on an evolutionary scale at the apex of which were the modern western societies. These provided for a development pattern which if followed in the third world would allow the developing societies to catch up with the West which was prepared to "assist by active diffusion" of the ingredients necessary for development – especially modern technology, expertise and capital.

Within the third world, the most active agents in the process of modernization were considered to be western educated elites whose appointed task was to 'wean' their people from tradition and bring them to the twentieth century.⁵ Consequently, neo evolutionism, structural functionalism and diffusionism were the analytical frameworks applied uncritically to the third world.

⁴ Amin Samir, Neo Colonialism in West Africa, Penguin Books, 1968, pp.257-274.

⁵ David Harrison, The Sociology of Modernization and Development, Heritage Publishers, New Delhi, 1989, p.149.

W.W. Rostow⁶ is closely associated with this view. The core of his theory of development is that social change occurs in a pre-established order, the logic and direction of which is known to the developed nations and each country having to go through these various stages. It may seem tempting to elaborate further on Rostow's analysis, but the focus here is to grasp the gist of development which, as Preston⁷ states is equated with growth and change. The growth being equated with economic progress and the path to 'progress' pre-determined and ordered by the experts of the developing countries.

As such, it aroused a very narrow and limited perspective on an understanding of development. Consequently, the theory of development like all other theories contained the seeds of its critique. Development, it was argued, seems to assure success and indicated the idea that its prescriptions were the panacea for all ills. It may be remembered that all analysis stemmed from theorists who belonged to the developed world, and as a result the perspectives of development were euro-centric. As such, they arose from a body of thought firmly located in the European experience and theorists, intellectuals who had been socialized into the European tradition, largely developed them. Both the underdevelopment theory, which talked of non-development as a result of the inequality of resource distribution, and the modernization theory, which talked of the backwardness of the people as impediments to development, belonged to the first world.

Development has been seen as an inevitable process – a process by which some will get more developed and the others less so. In all the theories of development embodied a 'before' and 'after'. The third world was seen as 'backward' or traditional societies on their way to becoming like the first world.

In none of the development theories were the people to be developed taken into account. When they were taken into account it was often because they were

⁶ W.W. Rostow, The Stages of Economic growth: A Non-Communist Manifesto, 3rd ed., Cambridge University Press, p.131.

⁷ Ibid., p.144.

opposed to the grand design of the social scientist. They were termed as ‘falsely conscious’, ‘politically unaware’ or ‘traditional’. The theory never had the time to concentrate on the people, as their focus was the macro issues. This, as Laufer suggests, is fatal as development “above all means people”.⁸ Finally, development theories of all kinds have not been able to ascribe a central position to the gender relations. The lower class was ignored but the women’s voices have been subdued further. As such, none of the theories have seen women as active participants of history or developmental change.

Altogether, then, in this section our aim was two fold. First to understand and enrich our vocabulary on the notion of development – a notion that gets coloured and reflected by the ‘goodnesses’ of the western paradigm. Second, to sensitize the reader to the loopholes present in such a topical and narrow understanding of the concept. It is the latter, which is of prime importance and necessitates a detailed discussion on the same. Keeping this focus in mind we may move ahead to the next section of our discussion.

II

As seen earlier, the essentially normative character of development contains its critique. There are two distinct trends of development that can be analysed. One, a progression towards the better meetings of basic needs and the other a progression towards a greater autonomy and authenticity of self and nationhood. “The two trends are mutually corrective and deals not the way development is but the way it should be.”⁹ This is true in case of the third world, which has become an unwitting partner to the politics of development – the politics which is the manifestation of the aggressive attitude of the developed nations.

⁸ Laufer Leopald, Israel and the Developing Countries – New Approaches to Cooperation, Twentieth Century Fund, New York, 1967.

⁹ John Seitz, The Politics of Development, Basil Blackwell, London, 1988, p.180.

The critique of development can be studied under two categories – first the question of development and ethics and responsibility and second the importance of social change and public action in engendering development. To begin with, the main criticism development has to face is that it has remained a narrow practice – there is a lack of any kind of ethic in the development projects. The determination to make development a success story has led to the virtual marginalization of the people for whom development is aimed. Development has taken on the stance of an inhuman exercise – a technical exercise where humanity plays no role.

There is a tendency among developmentalists to ignore the human factor as far as possible. One is reminded of a factory where there are ingredients that would make a machine and all that the mechanics have to do is to assemble the parts together. The logic of development is almost the same, there is a recipe for success – development through means that had worked in situations particular to the first world become prescriptions that can be handed out to the whole world irrespective of individual situations. The people who had been living in the to be developed areas are not considered as decisive factors who may have their own likes and dislikes based on their own culture and reasoning. The logic of development feels that it is the area that has to be ‘developed’ and the people will accordingly follow suit.

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But, it should be remembered that development is not an isolated process. It should also include human concerns and human organisations. P.L. Berger talks about a non-dogmatic approach to the problem of development. He has pointed to the need to consider the definitions of situations provided by those who are targets of development policy “not because their definition of situations are any better but they are entitled to respect, cognitive as well as moral. Also because policies that ignore the indigenous are prone to fail.”¹⁰

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For the last four decades there have been various development projects in the third world which have been termed as ‘development’ as their aim was to make the

¹⁰ P.L. Berger, Pyramids of Sacrifice: Political Ethics and Change, Penguin Books, London, 1974.

traditional societies at par with the developed nations. As a result, there have been changes in the 'to-be' developed nations, but can any change be termed development? According to R.C. Tripathi, there could be two criteria for considering any change as development.¹¹ First, a change in the condition should make the system more open than it was earlier before. Such a change may be considered as development. The task here is to identify a set of values in a given society, which when fostered will lead the system towards more openness and make it more receptive. Second, a change in condition will qualify to be called development to the extent that it leads to a greater embeddedness of the members in a given system. In other words, it leads to various subsystems to be integrated with the system.

Testing this framework to the Indian scenario, we notice a curious lack of responsibility in the developed countries regarding the development of their underdeveloped counterparts. It is as if implementing project plans conceived in the West is enough to guarantee success in the third world. This, it may be noted, is disregarding the fact that the world that is to be developed is different from the ones that have been developed. The idea is that technology, the new saviour will make the plans work even if the indigenous people feel oppressed by the development. In Rajni Kothari's¹² article we find a critique of this technology development and an exploration of an alternative mode of development. Kothari talks of a sustainable mode of development rooted in ethics and not in monetary policies.

Kothari's plea for a sustainable mode of development is also a plea for a non-colonized third world. He says that the present situations are governed by decisions taken in the metropolitan centres of the world, the decisions that in turn affect the people in far off places. "This calls for an alternative where there would be a different kind of consciousness – one which takes a total view of existence.

¹¹ R.C. Tripathi, 'Aligning Development to values in India' in Durganand Sinha and S.R. Rao (ed.), Social Values and Development: Asian Perspective, Sage Publications, New Delhi, 1988, pp. 327-328.

¹² Rajni Kothari, 'Environment, Technology and Ethics' in Engel and Engel (ed.), Ethics of Environment and Development: Global Challenge International Response, Belhaven Press, London, 1990, p.28.

empathizes the weak, the unborn, the inarticulate and intervenes in the legislation and administrative processes of the world, without however degenerating into a brahminical class that arrogates to itself all knowledge and wisdom.¹³

There is therefore a need for localized intervention to create a network for sustainable development. There is the need for the intervention of humanity – as autonomous units and not as order bearers of development. The critique of development thus introduces the question of identity of the people involved in the process of development. Their diverse entities should not be submerged into one but should remain free – the freedom of choice should be there and there would be due considerations for the local conditions.

There should be a shift from money based development to sustainable development – an ethical shift. True development, as Kothari would say, should be an amalgam of the dialogue between tradition and modernity. But as development is pursued this dialogic spirit is not seen anywhere. At one extreme are science-based values and at the other end are the values expressed in the folklores and mores. According to Kothari, here lies the inevitable clash. Modern science takes for granted the fact that it needs no improvement and that it is right. But, modern western science may need altering. “It may have a loaded agenda, may focus on some aspects and obscure or distort others. Science maybe injected by ‘Lubris’ by the desire for power and domination; instead it should act as a praxis that looks to satisfy the human thirst for knowledge.”¹⁴

On the threshold of the twenty first century, one requires to stand and think whether development has really occurred at all in the third world. What kind of development would it be if it has not allowed a second opinion to come to light? There has to be a dialogue between tradition and science, which would then lead to

¹³ Rajni Kothari, ‘Environment, Technology and Ethics’ in Engel and Engel (ed.), Ethics of Environment and Development: Global Challenge International Response, Belhaven Press, London, 1990. P.28.

¹⁴ Rolston Holmes, ‘Science based vs. Traditional Ethics’ in Engel and Engel (ed.), Ethics of Environment and Development: Global Challenge International Response, Belhaven Press, London, 1990, p.70.

the using of traditional values as a catalyst for better life. This would not be an ethnocentric one where a model of the first world forms the blueprint of success, but a life where everyone has the space to have their say.

Altogether, then, what one is hinting at is a phenomenological and ethnomethodological approach to development. This is in contrast with a purely objective positivist approach that tends to see things merely in growth and progress perspectives. One is pleading for a nuanced and fuller understanding of development that treats people, their values and emotions as equally important as the other macro issues in social sciences.

Linked to this notion of development is the view that the fostering of fast and participatory economic growth has willy-nilly led to unprecedented opulence coupled with remarkable deprivation, destitution and oppression. Clearly, the development strategies adopted have not been uniformly beneficial; certain sections of the population remain systematically underprivileged. This raises a host of questions and issues. Development and growth are not only about liberalization and economic incentives, but also about removing the real sources of deprivation and these sources need to be addressed. Distinctly, growth requires some basic social change, and the failure to eliminate basic deprivation has to go beyond this limited focus (where economic growth is equated with a rise in GNP). Thus, as Amartya Sen argues, success in economic growth must ultimately be judged by what it does to our lives – the quality of life we can enjoy, and the liberties we can exercise. Sen's assessment of the failure to eliminate basic deprivation envisages not only income inequality, but also the inadequate public involvement in promotion of basic education, health care and other direct means of promoting human capabilities.

To assess the development performance is to see what has happened to the poor and their response to development. Economic development on Sen's view can be seen in terms of the opportunities that the individuals in the society enjoy. In focusing on social opportunities, he proposes a perspective that is substantially

broader than the narrow view that concentrates simply on promoting markets and competition, as well as the similarly narrow 'contrary' view that just wants to debunk liberalization. The term 'social' is not intended as a contrast to 'economic'. In fact, Sen argues that there is a deep-seated complementarity between the two.¹⁵ The opportunities offered by a well functioning market may be difficult to use if a person is handicapped by, say, illiteracy or ill-health. Again, a person who is educated and in good health may still be unable to use his or her abilities because of the limitation of economic opportunities, related to the absence of markets, or overzealous bureaucratic control, or the lack of access to finance.

The success of development programmes cannot be judged merely in terms of their effects on incomes and outputs, and must, at a basic level, focus on the lives that people can lead. Along with social opportunities, Sen opines that freedom has a vital role to play in enhancing people's choices. Freedom, on Sen's view, is central to the process of development for two distinct reasons – the evaluative reason (assessment of progress has to be done primarily in terms of whether the freedoms that people have are enhanced) and the effectiveness reason (achievement of development is thoroughly dependent on the free agency of people). Freedoms, according to Sen, are not only the primary ends of development, they are also among its principal means. In his work on "Development as freedom" Sen contrasts the focus on human freedom with the narrower concentration of the development literature on economic growth, or marketization, or industrialization, or technological advance. He recognizes that any process of substantial development cannot do without very extensive use of markets, but his inclination is to provide a broader and more inclusive perspective on markets that does not preclude social support or public regulation.

This view finds resonance in Mahbub ul Haq's argument that globalization is an irreversible force, and that developing countries must learn to manage it in their best interests. He avers that to gain from globalization developing countries must

¹⁵ Jean Dreze and Amartya Sen, India - Economic Development and Social Opportunity, Oxford University Press, New Delhi, 1996, p.6.

accelerate their human development, improve governance, and invest in infrastructure.¹⁶ If globalization was superimposed on a poorly-educated and poorly-trained labour force with poor systems of governance and infrastructure, it would not lead to growth nor reduce poverty. Haq argues that development planning has completely glossed over the development of human resources. It is his conviction that the most essential ingredient in a successful and harmonious development effort is a massive investment in functional literacy and training. The most important challenge for development planners is to devise a system of education which extends universal literacy, imparts relevant training, and is accessible to all irrespective of income levels. Without such a sound base, the pattern of development can easily get warped in favor of a privileged minority.¹⁷

Another drawback of development planners, according to Haq, is the preoccupation with high growth rates in the Gross National Product at the expense of the real objective of development. Very often, economic growth has meant very little social justice. It has been accompanied by rising unemployment, worsening social services and increasing absolute and relative poverty. It has been realized that the growth in the GNP often does not filter down: what is needed is a direct attack on mass poverty. New development strategies must be based on the satisfaction of basic human needs rather than on market demand and development styles should be such as to build development around people rather than people around development.

Altogether, then, what has been questioned in this chapter, is whether a rapid growth in the GNP a sufficient condition for successful development? While some developing countries have achieved a fairly high rate of growth, has it made a dent on the problems of mass poverty? Has it resulted in a reduction in the worst forms of poverty — malnutrition, disease, illiteracy, shelterless population, squalid housing? Has the character of development conformed to what the masses really

⁶ Mahbubul Haq Human Development Centre, Human Development in South Asia 2001, Oxford University Press, Karachi, Foreword.

⁷ Mahbub ul Haq, The Poverty Curtain – Choices for the Third World, Oxford University Press, p.24.

wanted? Uncomfortable questions of this kind led to a re-examination of the overall theory and practice of development. Mahbub ul Haq and Amartya Sen have reiterated that the objective of development must be viewed as a selective attack on the worst forms of poverty. Development goals must be defined in terms of progressive reduction and eventual elimination of malnutrition, disease, illiteracy, squalor, unemployment and inequalities. It was assumed that if one took care of the GNP, that would take care of poverty. But the need of the hour is to reverse the trend and take care of poverty, as this will take care of the GNP. In other words, emphasis should be placed on the *content* of GNP even more than its rate of increase.

Chapter 2: Attacking Poverty – Amartya Sen’s Conceptualization of Poverty

I wish to study the process of development in India with special reference to its implications in terms of poverty, which disables people politically, materially, socially and emotionally. The study benefits immensely from the views of Amartya Sen in understanding poverty in its multidimensionality. Sen’s assessment of the failure to eliminate basic deprivation envisages not only income inequality, but also the inadequate public involvement in promotion of basic education, health care and other direct means of promoting human capabilities. This, I believe, lends a human dimension to the understanding of poverty.

The fostering of fast and participatory economic growth in India has willy-nilly led to unprecedented opulence coupled with remarkable deprivation, destitution and oppression. Clearly, the development strategies adopted have not been uniformly beneficial; certain sections of the population remain systematically underprivileged. This raises a host of questions and issues in my mind. Development and growth are not only about liberalization and economic incentives, but also about removing the real sources of deprivation and these sources need to be addressed. Distinctly, growth requires some basic social change, and the failure to eliminate basic deprivation has to go beyond this limited focus (where economic growth is equated with a rise in GNP). The discussion, in the first chapter dilated this point effectively. Thus, as Sen argues, success in economic growth must ultimately be judged by what it does to our lives – the quality of life we can enjoy, and the liberties we can exercise.¹

Before proceeding any further, it would be useful to understand why at all Sen makes a distinction between ‘physical capital’, ‘human capital’ and ‘human capability’. There is a real asymmetry between what is called ‘human capital’ (such as education, skill, good

¹ This concerns the intrinsic importance of the quality of human life- not seeing it *just* as an instrument for promoting economic growth and success.

health etc.) and 'physical capital'. The items covered by the former can have importance of their own (aside from being instrumentally important in production) in a way that does not apply to a piece of machinery.² To put it another way, if machinery did nothing to raise production it would be valueless, but being educated or being in good health could be valued even if it were to do nothing to increase the production of commodities. 'Human capital' tends to concentrate on the agency of human beings in augmenting production possibilities. The perspective of 'human capability' focuses, on the other hand, on the ability – the substantive freedom – of people to lead the lives they have reason to value and to enhance the real choices they have.

For instance, education makes a person more efficient in commodity production, then there is clearly an enhancement of human capital. This can add to the value of production in the economy and also to the income of the person who has been educated. But even with the same level of income, a person may benefit from education – in reading, communicating, arguing, in being able to choose in an informed way. The benefits of education, thus, exceed its role as human capital in commodity production. The broader 'human capability' perspective would note and value these additional roles as well.

The motivation for this study, then, stems from the crucial question regarding what in effect is responsible for engineering poverty out. The chapter is divided into two sections. In the first section I will look at Amartya Sen's conceptualization of poverty and how it has nuanced the hitherto held conception of understanding poverty. Inevitably, Sen's concerns on poverty being a situation of unfreedom, inequality and denial of human capability permeates the discussion. The second section looks at Sen's prescription for ameliorating poverty; one that lends credibility to public action, where the importance of public pressure in shaping government policy and in enhancing the government's political will to engage in sound development management is diluted.

² Jean Dreze and Amartya Sen, India – Economic Development and Social Opportunity, Oxford University Press, New Delhi, 1996, p.43.

I

India's progress over the decades, while far from the worst, has been substantially outclassed by many other developing countries. It has been argued by Jean Dreze and Amartya Sen, that one important point to note here is that these more successful countries, which have left India behind, have pursued very diverse economic policies, from market oriented capitalism (South Korea, Taiwan and Thailand) to Communist party led Socialism (Cuba, Vietnam, pre-reform China), and also various mixed systems (Costa Rica, Jamaica, Sri Lanka). As far as economic growth is concerned, their records have been extremely diverse, and yet all of them have been able to achieve a radical reduction in human deprivation and insecurity.

Despite substantial differences in economic policy, these economically diverse countries have had much in common in terms of social policies, particularly those relating to the expansion of basic education and health care, and India contrasts with all of this in this fundamental respect. Clearly, there is much to learn from these diverse countries and the commonality of their achievements, even when we might have good reason to shun emulating them in other respects.

At this juncture, it would be useful to point out that Sen is much concerned with the opportunities that people have to improve the quality of their lives, and with the failures that relate both to the low average level and the high inequality of opportunities that citizens enjoy. The word 'social' in the expression 'social opportunity', is mainly a reminder not to view individuals and their opportunities in isolated terms. The options that a person has depend greatly on relations with others and on what the state and other institutions do.³

The use of the term "social" is not intended as a contrast with "economic". On Sen's view, various economic arrangements (including the market mechanism) are of central

³ Jean Dreze and Amartya Sen, India – Economic Development and Social opportunity, Oxford University Press, New Delhi, 1996, p.6.

importance to the presence or absence of ‘social opportunities’, and there is, thus, a deep-seated complementarity here.⁴ On the one hand, the opportunities offered by a well functioning market may be difficult to use when a person is handicapped by, say, illiteracy or ill health. On the other hand, a person with some education and fine health may still be unable to use his or her abilities because of the limitation of economic opportunities, related to the absence of markets, or overzealous bureaucratic control, or some other restraint that limits economic initiatives.

Social opportunities are, interestingly, thus influenced by a variety of factors – among other things, the state of educational and health services (and public policies that deal with them) the nature and availability of finance (and policies that affect them), the presence or absence of markets (and policies that promote or restrict them) and so forth.⁵ What one can effectively cull out from such a perspective is a nuanced understanding of social opportunities – one that is substantially broader than the narrow view that concentrates simply on promoting markets and competition, as well as the similarly narrow ‘contrary’ view that just wants to debunk liberalization.

Altogether, economic development can, in fact, be seen in terms of expansion of opportunities that the individuals in the society enjoy. This would also be an occasion to distinguish between what Sen calls, the intrinsic importance of opportunities (one of the main objectives of economic development is to expand the effective freedom that different individuals enjoy), and the extensive instrumental role of individual opportunities in the promotion of other objectives. Opportunities, thus, have both direct and indirect significance.⁶

It is interesting to find a resonance of this idea in Sen’s understanding of development as requiring the removal of major sources of unfreedom: poverty as well as tyranny, poor economic opportunities as well as systematic social deprivation. Freedom, on Sen’s view,

⁴ Jean Dreze and Amartya Sen, India – Economic Development and Social opportunity, Oxford University Press, New Delhi, 1996, p.6.

⁵ Ibid., p.7.

⁶ Ibid.

is central to the process of development for two distinct reasons – the evaluative reason (assessment of progress has to be done primarily in terms of whether the freedoms that people have are enhanced) and the effectiveness reason (achievement of development is thoroughly dependent on the free agency of people).⁷

Freedoms, according to Sen, are not only the primary ends of development, they are also among its principal means. In addition to acknowledging, foundationally, the evaluative importance of freedom, we also have to understand the remarkable empirical connection that links freedoms of different kinds with one another. Political freedoms (in the form of free speech and elections) help to promote economic security. Social opportunities (in the form of education and health facilities) facilitate economic participation. Economic facilities (in the form of opportunities for participation in trade and production) can help to generate personal abundance as well as public resources for social facilities.⁸ It is because of these interconnections, that free and sustainable agency emerges as a major engine of development. Not only is free agency itself a “constitutive” part of development, it also contributes to the strengthening of free agencies of other kinds. The empirical connections that are extensively explored link the two aspects of the idea of “development as freedom”.⁹

Low levels of education and health are of concern in their own right, but they merit special attention when they accompany material deprivation. Such an understanding of poverty broadens the notion of poverty to include vulnerability and exposure to risk – and voicelessness and powerlessness. All these forms of deprivation severely restrict what Amartya Sen calls the “capabilities that a person has, that is, the substantive freedoms he or she enjoys to lead the kind of life he or she values”.¹⁰ To assess the development performance is to see what has happened to the poor and their response to development.

⁷ Amartya Sen, Development as Freedom, Oxford University Press, New Delhi, 2000, p.4.

⁸ Ibid., p.11.

⁹ Ibid., p.4.

¹⁰ Ibid., p.87.

The merit of Amartya Sen's conception of poverty is his focus on inequality where it really hurts – among people who are obviously disadvantaged because of low incomes, but also because of ill health, illiteracy and so on. For the identification and aggregation of the poor, the first step was generally taken to be the poverty line. Once a poverty line was agreed upon, the poor were identified as all those whose incomes failed to reach that income level. Two widely used measures of poverty were the head count ratio (HCR), viz, the ratio of the population below the poverty line, and the income gap (IG), viz, the deficit of the actual income of the poor from the total they would receive if they were all to reach the poverty line income level.

Sen objected to the sole use of these two measures. The former measure was insensitive to the depth of poverty among the poor. This had the implication, for example, that if a policy lifted the people just below the poverty line above it, but increased the misery of the other, poorer people, the HCR would decline and give a misleading signal. On the other hand, the use of IG alone would provide no information about the number of poor people. Sen constructed a new measure of poverty, approaching the problem axiomatically that is by setting down a set of axioms of poverty that a good poverty measure should satisfy.

From an analysis of inequality and issues of measurement of poverty, Sen moved to an enquiry into the causes of famines. He started from the normative concept of entitlements as a theory of justice, and private property rights, but changed its focus to that of a descriptive theory of who gets what and how. On Sen's view, a person in any society has certain endowments (labour power, land, financial assets, skills) which she can directly use to obtain goods and services she desires, or can trade them or the outputs produced with their help, in a formal or informal exchange with others to procure her preferred bundles of goods and services. Thus arises the idea of 'exchange entitlements'. Sen traced the roots of starvation and famine in most cases to a failure of entitlements and more narrowly to the lack of availability of food.¹¹ The sudden collapse of purchasing power because of lack of employment, especially rural employment, caused by floods,

¹¹ Amartya Sen, Poverty and Famines, Oxford University Press, New Delhi, 2001, p.162.

drought or war, can lead to prolonged starvation and famine even when enough food is available in the region to stave off starvation.

Clearly, starvation depends not merely on food supply but also on its distribution. The moot point for Sen is to decipher what determines the distribution of food between different sections of the community. The entitlement approach directs one to questions dealing with ownership patterns and – less obviously but no less importantly – to the various influences that affect exchange entitlement mappings. In so far as food supply itself has any influence on the prevalence of starvation, that influence is seen as working through the entitlement relations. If one person in eight starves regularly in the world, this is seen as the result of his inability to establish entitlement to enough food; the question of the physical availability of the food is not directly involved.¹²

Sen's innovation lay in the unification of all these sources of deprivation under the generic rubric of failure of entitlements and creating an analytical structure applicable to them. These studies also include analyses of policies pursued by governments and other organizations to fight hunger, malnutrition, ill health and provide social security in other forms. The UNDP, again with intellectual leadership provided by Sen and Mahbub ul Haq, has been producing since 1990 an annual, Human Development Report to cover most of the measurable aspects of human development and deprivation. Sen's formulation of the fullest attainment of human capabilities as the proper criterion of social welfare judgments and the appropriate objective of policy interventions connects with his idea of freedom. In his view, freedom is not simply freedom to choose, but freedom from certain removable constraints on the functioning of human beings. And, to Sen poverty is capability deprivation (in terms of some of the basic functionings of life), and development is expansion of freedom (which, of course, includes the removal of poverty).

In his work on "Development as freedom" Sen contrasts the focus on human freedom with the narrower concentration of the development literature on economic growth, or

¹² Amartya Sen, Poverty and Famines, Oxford University Press, New Delhi, 2001, pp.7-8.

marketization, or industrialization, or technological advance. He recognizes that any process of substantial development cannot do without very extensive use of markets, but his inclination is to provide a broader and more inclusive perspective on markets that does not preclude social support or public regulation.

Altogether, then, what we can effectively cull out from this section is a marked shift in Sen's understanding of poverty from the hitherto held conception of the development economists. The development economists focused on a high GNP growth target, as it was believed to be the best guarantee for eliminating unemployment and poverty. They conceived their task not as the eradication of the worst forms of poverty but as the pursuit of certain high levels of per capita income. Also, they were convinced that the latter was a necessary condition for the former but they did not, in fact, give much thought to the interconnection. The bankruptcy of such a contention is more than evident now. Successes in economic growth must ultimately be judged by what it does to our lives — the quality of life we can enjoy, and the liberties we can exercise. Amartya Sen, by focusing on inequality where it really hurts — among people who are obviously disadvantaged because of low incomes, but also because of ill health, illiteracy and so on, has widened the conception of poverty. Such a human development dimension to the understanding of poverty, which takes cognizance of capability deprivation along with income poverty, has not only nuanced the concept but has also proved effective in realizing what is the panacea in rooting out poverty.

II

Increasing poor people's voice and participation not only addresses their sense of exclusion – it also leads to better targeting of health and education services to their needs. The language of 'participation' 'deliberation' and 'democratic accountability' has become central to policy debates on hunger alleviation during the 1990s; with an assumption that facilities for deliberating and challenging policy are essential to ensure that authority holders deliver their policy commitments and, more broadly, provide

justifiable reasons for their actions. The following section attempts to look at Sen's views on alleviating poverty, which hinges on the aforesaid principle of public action.

Legitimate and justified authority operates when authorization to speak and act in the name of the polity emanates from the collective decisions of members of the political community. On Kant's view, such a legitimate and justified authority is predicated on generating the freedoms that people have to publish their thoughts, to lay them open to public criticism and to respond publicly to this criticism.¹³ Such a principle underpins a conception of political action that is 'deliberative' – an ideal that puts public reasoning at the centre of political justification, through which justification of the exercise of collective political power proceeds on the basis of free public reasoning between members of the polity.

In this regard, deliberation provides an essential basis for justified authority and underpins the principle of community. This is not because the collective good takes priority over the liberties of the members, nor because collective decisions establish a shared ethical viewpoint, but because deliberation generates a requirement for holders of authority to provide acceptable reasons for their actions and statements to those governed by it. In fact, on Charles Taylor's view, it is this shared element of common recognition that is what makes it "public" in the strong sense and what gives it its moral force.¹⁴

The deliberative ideals appear to be implicit in Dreze and Sen's widely cited work on "Hunger and Public Action" where the importance of public pressure in shaping government policy and in enhancing the government's political will to engage in sound development management is dilated. Sen opines that the moot point is not to argue on 'more' or 'less' government. Rather, it is a question of the type of governance to have, and of seeing the role of public policies in promoting as well as repressing social

¹³ Immanuel Kant, 'An Answer to the question: What is Enlightenment?' in I. Kant, Political Writings, Cambridge University Press, Cambridge, 1991, pp.54-55.

¹⁴ Charles Taylor, 'Invoking Civil Society', in Robert E. Goodin and Pettit (ed.), Contemporary Political Philosophy: An Anthology, Oxford, Blackwell, 1998, p.73.

opportunities. Indeed, the interrelations between the state, the public, and the market have to be seen in a larger framework, with influences operating in different directions.

If the central challenge of economic development in India is understood in terms of the need to expand social opportunities, then liberalization must be seen as occupying only one part of that large stage. By spotlighting that one part, the rest of the stage is left obscure. The limitations of the Indian experience in planning lie as much in omissions as in errors in the dark part of the stage as it does in the commissioning mistakes in the spotlight section. That uneven concentration extracts a heavy price.

The attention needed, is not from the government, but also from the public at large. The basic argument in his work on 'Poverty and Famines' is that famines are not caused so much by 'food availability decline' (FAD) as by a 'failure of exchange entitlement' (FEE). They are entirely avoidable as a phenomenon and would be avoided if there was 'public action' in the sense of state action under public pressure, a necessary condition for which is the existence of a free press and other democratic institutions that make it 'too expensive' for governments (politically) to ignore famines. Sen's effort has been to press for public action to eliminate less dramatic forms of human misery, like poverty and hunger. As pointed out in the earlier section, on Sen's view, poverty must be seen as the deprivation of basic capabilities rather than merely as lowness of incomes, which is the standard criterion of identification of poverty.

The perspective of capability-poverty does not involve any denial of the sensible view that low income is clearly one of the major causes of poverty, since lack of income can be a principal reason for a person's capability deprivation. Sen argues that while it is important to distinguish conceptually the notion of poverty as capability inadequacy from that of poverty as lowness of income, the two perspectives cannot but be related, since income is such an important means to capabilities. And since enhanced capabilities in leading a life would tend, typically, to expand a person's ability to be more productive and earn a higher income, we would also expect a connection going from capability empowerment to greater earning power and not only the other way around.

The latter connection, for Sen can be particularly important for the removal of income poverty. The importance of this connection was a crucial point of focus of Sen's work on India, done jointly with Jean Dreze, dealing with economic reforms. Indeed, many Asian economies – Japan, South Korea, Taiwan, post-reform China – have done remarkably well in spreading the economic opportunities through an adequately supportive social background, including high levels of literacy, basic education, good general health care and so on. The lesson of opening the economy and the importance of trade has been more easily learned in India than the rest of the message from these countries. Sen argues that despite the rather moderate record in economic growth, Kerala seems to have had a faster rate of reduction in income poverty than any other state in India. While some states have reduced income poverty through high economic growth (Punjab is the most notable example of that), Kerala has relied a great deal on expansion of basic education, health care and equitable land distribution for its success in reducing penury.

While these connections between income poverty and capability poverty are worth emphasizing, Sen considers it important not to lose sight of the basic fact that the reduction of income poverty alone cannot possibly be the ultimate motivation of antipoverty policy. There is a danger in seeing poverty in the narrow terms of income deprivation, and then justifying investment in education, health care and so forth on the ground that they are good means to the end of reducing income poverty. That would be a confounding of ends and means.

The basic foundational issues force us, for reasons already discussed, toward understanding poverty and deprivation in terms of lives people can actually lead and the freedoms they actually have. The expansion of human capabilities fits directly into these basic considerations. It so happens that the enhancement of human capabilities also tends to go with an expansion of productivities and earning power. That connection establishes an important indirect linkage through which capability improvement helps both directly and indirectly in enriching human lives and in making human deprivations more rare and

less acute. The instrumental connections, important as they are, cannot replace the need for a basic understanding of the nature and characteristics of poverty.

In this sense, it is perhaps a mistake to see the development of education, health care, and other basic achievements only or primarily as expansions of 'human resources' -- the accumulation of human capital - as if people were just means of production and not its ultimate end. The bettering of human life does not have to be justified by showing that a person with a better life is also a better producer.¹⁵ In other words, for a view of economic development that focuses on human capabilities, one is not just arguing for giving importance to so called 'human capital'. It is this emphasis on human capability, that takes Amartya Sen beyond the concerns of welfare liberals who primarily dilate the importance of human capital only. And, while the welfarists ascribed an important role to the State in ushering in development, there is a marked shift in Sen's prescriptions that lends credence to public action to enhance human development.

Sen is critical of the importance attached, in much of economics, to income inequality in understanding inequality. This narrowness has the effect of contributing to the neglect of other ways of seeing inequality and equity, which has far-reaching bearing on the making of economic policy. Policy debates have indeed been distorted by over emphasis on income poverty and income inequality, to the neglect of deprivations that relate to other variables, such as unemployment, ill health, lack of education and social exclusion. Thus he argues on the ground of capability deprivation (which lends a broader perspective to inequality and poverty), to address policy issues.

Public discussion and social participation is central to the making of policy in a democratic framework. The use of democratic prerogatives -- both political liberties and civil rights -- is a crucial part of the exercise of economic policy making itself, in addition to other roles it may have. In a freedom-oriented approach, the participatory freedoms cannot but be central to public policy analysis.

¹⁵ Jean Dreze and Amartya Sen, India – Economic Development and Social Opportunity, Oxford University Press, New Delhi, 1996, p.184.

Chapter 3: Poverty in India – An Overview

India ranks among the poorest countries in the world; its population consists of many illiterate and undernourished people. Far too many of our countrymen live without safe drinking water and sanitation. Thousands of children die, every day, of diseases that can be easily prevented or cured. India is a country of immense potential, but nobody knows whether this potential will ever be realized in the foreseeable future. This startling scenario despite the fifty odd years of development provokes one to question the stratagem.

Development planning came under considerable attack in the early 1970s. There was a general demand for new development strategies as a consensus began to emerge that the old ones had largely failed to deliver any real improvement in the living conditions of the vast masses. A realization dawned that the growth in the GNP does not filter down: what is needed is a direct attack on mass poverty. It was also felt that the new development strategies must be based on the satisfaction of basic human needs rather than on market demand. To build development around people rather than people around development was impressed upon by Mahbub ul Haq.¹ The vital element in the distribution policies, it was felt, was to necessarily increase the productivity of the poor by the radical change in the direction of investment toward the poorest sections of society.

The development economists conceived their task not as the eradication of the worst forms of poverty, but as the pursuit of certain high levels of per capita. This stemmed from the belief that the latter was a necessary condition for the former, but scarce thought was given to the interconnection between the two. 'How much was produced and how fast' predominated over the question 'what was produced and how it was distributed.' If eradication of poverty was the real objective, why did so little professional work go into determining the extent of unemployment, maldistribution of incomes, malnutrition, shelterless population or other forms of poverty? It was realized that even after two decades of development, little was known about the extent

¹ Mahbub ul Haq, The Poverty Curtain – Choices for the Third World, Oxford University Press, 1983, p.28.

of real poverty, even in such 'well planned' economies of India and Pakistan.² What had really gone wrong? Why was there such disillusionment about economic development? What were the origins of the crisis in India in the early 90s?

The present chapter seeks to answer these questions. It is divided into two sections. The first section looks at the pattern of development followed post independence with specific reference to policies to ameliorate poverty. The second section would examine the mutation in the development strategy in response to the crisis in the early 90s. Whether the crisis driven response in the form of liberalization and structural adjustment was a panacea to the impending poverty would also be studied in this section. The discussion in this section benefits from the views of Amartya Sen and Mahbub ul Haq, among others.

I

To understand the development strategy followed by post-colonial India, it would be useful to glimpse over the nature of the post-colonial Indian state. The state in India had become increasingly central in post-colonial social formations and occupied a strategic position vis-à-vis the economy. On Saul's view, there are three important features of the dominant state.³ First, the origins of the modern states in developing societies lay in the colonial state. The colonial state was equipped with a powerful bureaucratic-military apparatus and mechanisms of government. This over developed apparatus and its institutionalized practices were inherited by the post-colonial societies and their new rulers. The apparatus became a readily available means of regulating and controlling the operations of indigenous social classes. Second, in the name of promoting economic development, the post-colonial state appropriated a very large part of the economic surplus and deployed it in bureaucratically directed economic activity. Third, the state arrogated to its self an important ideological

² Mahbub ul Haq, The Poverty Curtain – Choices for the Third World, Oxford University Press, 1983, p.33.

³ Bimal Jalan, India's Economic Crisis – The Way Ahead, Oxford University Press, New Delhi, 1992, p.4.

function. It symbolized the unity of the social formation by seeming to transcend narrow class and sectional interests, and it thus helped legitimize the status quo.

The early development literature, in the forties and fifties, similarly assigned a central role to the post-colonial state. The dominant assumption here, however, was the notion of a benevolent state, which, equipped with sufficient information and knowledge, was expected to act solely in societies interests. The state was here expected to pursue a Benthamite social-welfare function, correcting market failures and launching countries along the road of rapid development. This vision of the state was fully shared by India's post-independent leadership. Political freedom was, in fact, viewed as an indispensable means to overcome mass poverty and to industrialize the economy through direct state action. Thus the Second Five Year Plan (1956) was clear that

The pattern of development and the structure of socio-economic relations should be so planned that they result not only in appreciable increases in national income and employment but also in greater equality in incomes and wealth. Major decisions regarding production, distribution, consumption and investment – and in fact all significant socio-economic relationships – must be made by agencies informed by social purpose.⁴

The assumption of a welfare-maximizing state has turned out to be unrealistic. In an interesting analysis of the relationship between economic and political behaviour, Bardhan speaks of a large and heterogeneous coalition of three dominant classes in contemporary India. These classes are industrialists, rich farmers and educated professionals who have their main economic base in public employment. Bardhan sees the policy packet of the Indian state as an expression of the coalition of these disparate groups.⁵ The government budget is seen as a gigantic mechanism for dispensing subsidies, overt and covert, to various sectors of the dominant coalition, whether through public employment, rationed credit, fertilizer subsidy, or other sorts of subsidy. The system of interconnected bargains among dominant groups creates vast numbers of conflict that require arbitration. These conflicts provide the opportunities for political leadership to step in and appropriate a part of the benefits

⁴ Government of India (1956), Second Five Year Plan, 1956-61, New Delhi: Planning Commission, p.22.

⁵ Bardhan, P.K., The Political Economy of Development in India, Oxford University Press, Delhi, p.32.

generated. Politics ceases to be autonomous in the sense of providing a process through which coherent policy can be formulated and implemented. The Bardhan framework is relevant in explaining the evolution of state policy in recent years. Since 1985 three successive governments have acknowledged the severity of the economic crisis and attributed it primarily to two factors, namely to the increase in non-Plan public expenditure, particularly on account of subsidies and to the losses shown by public-sector enterprises. Several commitments were made for reducing losses in the public sector and for controlling the budget deficit.

In reality, however, budgetary deficits have continued to grow, and public-sector losses have continued to increase. The centre's fiscal deficit reached an all-time high of 8.6 per cent of GDP in 1990-1. The government's inability to tackle these problems, despite its firm assurances, is clearly due to the push and pull of various interest groups. There is a coalition of interests among political decision-makers, bureaucrats, trade unions, and industry. All of them stand to gain from excess expenditure by the government and the public sector.

Against this backdrop of the nature of the Indian state, we could proceed to examine the development strategy adopted post independence. This strategy which was greatly influenced by the Soviet planning model, gave a central role to the state in the control and direction of economic activity. Following the Soviet experience, it was believed that the savings rate in the economy, and the growth rate, could be increased if India invested heavily in the capital-goods and heavy-industry sector at the expense of the consumer-goods sector. Since the investment requirements in these sectors were high, largely beyond the capability of the private sector, and the financial profitability was low, it followed that such investments would have to be undertaken by the state.

The Second Five Year Plan (1956) was quite clear that

It cannot be emphasized too strongly that unless steps are taken to augment rapidly the output of the means of production and to build up the fuel and energy resources which are so vital to development, the scale and pace of advance in the coming years will be inhibited.⁶

⁶ Government of India (1956), Second Five Year Plan, 1956-61, New Delhi: Planning Commission, p.28.

The state emerged both as the mobilizer of savings as well as an important investor and owner of capital. Since the state was to be the primary agent of economic change, it followed that private-sector activities had to be strictly regulated and controlled to conform to the objectives of state policy. In this scheme foreign trade had a relatively small role, partly because of the belief that trade was biased against developing countries and primary producers, and partly because of the intellectual conviction that export prospects were severely limited. The colonial experience was sufficient to reinforce the belief that the free-trade regime was biased against India and other developing countries and could not be relied upon to generate growth and improve living standards. The call for Swadeshi therefore became an important element in the political struggle against colonial rule. It was inevitable that, after independence, the building of an indigenous manufacturing base should become an important objective of economic policy.

This strategy was also an aspect of the struggle for economic and political independence from the U.K. and other Western powers. The apparent success of the Soviet Union in building up a strong manufacturing base, and its emergence as a superpower within a relatively short period of time, strengthened belief in the efficacy of the state as the primary agent of accumulation. India's First Five Year Plan (1951) was practically silent on exports. It only highlighted the limitations to prospects of increasing export earnings since 'the prices obtainable for exports depend on world factors and may, therefore, be subject to large variations.' The Second Five Year Plan (1956) attempted a projection of balance of trade but concluded that no significant increase in export earnings in the short run could be expected. The intellectual basis for pessimism about exports, which was widely shared by development economists of the time, was broadly the same as that articulated by Nurkse in his 'export lag' thesis.

The primacy accorded to capital accumulation by the state also meant, in the early years of planning, a relative neglect of public investment in agriculture. This relative neglect of agriculture was supported by the prevailing view that a growing labour force in developing countries could only be absorbed in industry, and that in the early stages of industrialization it was necessary for agriculture to contribute to the building up of modern industry by providing cheap labour. A faster development of the

industrial sector was the central objective of planning. It was believed that industrialization, under the prevailing world market conditions and domestic structural constraints, was feasible only if the state took the lead in setting up industries that required large investments. Also, it is important to note that there was remarkable unanimity among the pioneers of development economics in the forties and fifties on the proposition that industrialization was synonymous with development, and that industrialization was not feasible in underdeveloped economies without an active role assigned to the state. Nurkse, in his famous doctrine of the 'vicious circle of poverty', said that poor societies remain poor because they could not save enough in view of their low per capita incomes.⁷

The neglect of economic development by the state in the colonial period had an inevitable consequence. The conviction grew that development was not possible without the guiding hand of the state: the state was required to take on the role of planner, saver, investor, and manager in order to quicken the pace of development.⁸ The post-independence period in India was characterized by several external and domestic shocks, such as war, drought, oil-price increases and political upheaval. In defence of the earlier Indian strategy, it can be argued that while the growth rate was slower, India was able to maintain a stable and democratic political system with a mixed economy against very difficult odds.

This was a unique achievement in the developing world. The country was able to achieve self-sufficiency in food. It was also able to develop a diversified industrial structure. It thus seems that the initial choice of India's economic strategy is understandable within the particular context in which this choice was made. With an understanding of the development strategy adopted by India post-independence, it would now be useful to study what measures had been effected to engineer poverty out. Poverty was initially treated as essentially a deprivation. As a real life phenomenon, deprivation is no doubt an important aspect of poverty. It is this dimension that enables us to define 'a poverty line' in terms of caloric measures, for

⁷ Nurkse was an early exponent of the 'vicious circle' hypothesis. According to this view, poor countries were too poor to save sufficiently, resulting in low rates of investment, with an adverse impact on the growth of real output and the level of per capita income.

⁸ Bimal Jalan, *India's Economic Crisis – The Way Ahead*, Oxford University Press, New Delhi, 1992, p.28.

instance, which leads to the identification of the poor as those who do not have enough resources to provide themselves and their families with the minimum physical requirements. While all these are very helpful indeed, the trouble arises when one jumps from these features to the proposition that the remedy for poverty lies in the provision of that which is deficient. What is to be noted is that poverty is not simply a matter of physical or material deprivation, but a much more complex social phenomenon, a dimension that can easily be lost sight of if one does not have a conceptual frame which accommodates the social process as well.

In concrete terms the need for such a frame is provided by recent observation that “while two and a half lakh villages went without protected drinking water, there was no problem in selling Coca Cola in these villages”. While there are a host of issues involved here, all of them cannot be sorted out and examined now. But it presents the problem. Poverty is deprivation, but not only deprivation. Poverty is deprivation for the many and affluence for the few. C.T. Kurien opines that poverty is “a socio-economic phenomenon whereby the resources available to a society are used to satisfy the wants of the few while the many do not have even their basic needs met.”⁹

Poverty according to the Human Development Report 1997, is the denial of opportunities “to lead a long, healthy, creative life and to enjoy a decent standard of living, freedom, dignity, self-respect and respect of others.”¹⁰ A quick glance at the approaches to understanding poverty would not be out of place before examining the policies adopted in India to stem poverty. Absolute poverty is when a person cannot obtain certain absolute standards of minimum requirements, usually measured in terms of income. Relative poverty is when a person falls behind others and is thus a measure of inequality of income.

Income, however, is only one measure of poverty. Another approach is the basic needs approach, according to which poverty should not be looked at merely in terms of private income but should also include access to basic needs like health, education, employment and other essential services which the community usually provides to its

⁹ C.T. Kurien, Poverty, Planning, and Social Transformation, Allied Publishers Private Limited, Bombay, 1978, p.8.

¹⁰ UNDP, Human Development Report 1997, Oxford University Press, New York.

citizens. There are important limitations in measuring poverty in terms of either income or consumption levels. These approaches do not pay attention to the assets on which most poor people rely for their livelihoods. These assets can include their access to natural and financial resources, their health and capacity to work. Another drawback of the traditional approaches is that these do not focus on the social relations which lead to the process of impoverishment. For instance, the lack of political influence of the poor and their being subjected to discrimination are issues which are relevant while studying the nature and causes of poverty.

The new approach is known as the 'sustainable livelihoods' approach. This addresses issues such as the capabilities, assets, and labour required for a means of living. A livelihood is stated to be sustainable if it can cope with and recover from stresses and shocks, and maintain or enhance its assets both now and in the future. One of the first attempts to define and measure poverty was done by the Working Group of the Planning Commission which defined poverty in terms of a "minimum living standard." It included not only private sources of consumption but public goods such as health and education. The approach was close to the basic needs approach explained above.

The use of energy requirements (calorie) as a measure of poverty was made by V. M. Dandekar and Nilakanth Rath in 1971. They defined 'poverty line' as the expenditure which will secure for the households 2250 calories per capita per day. A per capita income of Rs. 270 per annum (urban) and Rs. 180 per annum (rural) were considered sufficient to meet this calorie requirement. Both the above approaches are non-discriminatory and somewhat arbitrary. In both these measures, a line is drawn and those below the line are treated as poor. But even among the poor, those falling close to or on the poverty line may be less poor than those falling far below the poverty line. There are wide variations among the estimates of poverty line. The 8th Plan (1992-97) had fixed it at Rs. 11,000 per annum. The Planning Commission estimated that the population below the poverty line was 51.5% in 1972-73 and came down to 18.9% in 1993-94 (Rural 54.1 and 21.7 and Urban 41.2 and 11.6 respectively). However, according to the Lakdawala Expert Group methodology, the proportions were 55% in 1973-74 and 36% in 1993-94 (Rural 56.4 and 37.3 and Urban 49 and 32.4 respectively).

According to the NSSO (55TH round) estimates, there has been a sharp decline in the percentage of people below the poverty line in recent times. During 1999-2000 the percentage had declined to 26.10. In absolute terms, the population below the poverty line has declined to 260 million, after remaining stationary at around 300 million for almost 30 years. Amartya Sen introduced the 'P Index' (also known as the 'Sen-measure of poverty line') as a measure of income shortfall of each person from the poverty line. He explained that while measuring this income shortfall, a poorer person's shortfall should receive greater weightage than a person who is richer than the first person, although both are below the poverty line. Thus this index seeks to measure the distribution of welfare in a society rather than merely the distribution of income.

The Planning Commission methodology for estimating poverty has been faulted by independent researchers on grounds of underestimation. In order to resolve the tangle, the Government of India appointed in 1989 an Expert Group under Prof. D.T. Lakdawala. The Expert Group (officially called the Expert Group on Estimation of Proportion and Number of Poor), relying only on data provided by the National Sample Survey (NSS), came up with poverty figures which were much higher than the official figures. In 1996, the Planning Commission decided to adopt the Expert Group methodology.

The Human Development Report (HDR) 1997, attempted a new measure of poverty called the Human Poverty Index (HPI). The HPI is the reverse side of the Human Development Indicators (HDI). In this, longevity is measured by the percentage of people who are expected to die before the age of forty, knowledge is measured by the percentage of adults who are illiterate, and standard of living is a composite of three indices — the percentage of people with access to health services, safe drinking water, and the percentage of malnourished children under the age of five.

Indian poverty is predominantly rural and the reasons are in most cases agrarian. Output in the farm sector has remained stagnant for far too long, whereas the number of people eking out a living in this sector has steadily gone up. Per capita income has not grown much due to the rising population cancelling out the gains of economic

growth. Growth has accelerated distortions in income distribution. Ironically, the process of development itself throws out of the economic system vast numbers of people who join the already unemployed. Instances of tribal people being displaced to make way for large hydro-electric projects, or of farmers being dispossessed of their land to build industrial sheds are not uncommon.

The Government's employment generation schemes have not made much dent due to bureaucratic apathy and total lack of imagination of planners. Moreover, uniformity of approach throughout the nation has led to avoidable wastage. Another unsatisfactory feature of the poverty scenario is that the national average camouflages wide disparities. It may be seen that although at the national level there has been appreciable decline in the percentage of poor below the poverty line from 36% in 1993-94 to 26% in 1999-2000, states like Orissa, Bihar, Assam and Madhya Pradesh are lagging behind. Having a vivid picture of the poverty in India in place, it would be worthwhile to look at the policies adopted to alleviate poverty. The first three Plans emphasized economic growth without any direct attack on poverty. It was the 4th Plan which identified the need for special poverty alleviation programmes for disadvantaged areas and sectors such as small and marginal farmers, artisans, SC/ST communities, and so on. Several schemes such as the Small Farmers Development Agency (SFDA), the Marginal Farmers and Agricultural Labourers (MFAL) project, the Command Area Development (CAD), and the Drought Prone Area Programme (DPAP) were initiated. The 5th Plan (1974-79) and the 6th Plan (1980-85) continued the strategy with some corrections. The 7th Plan recognized that employment generation should be at the centre of any poverty alleviation programme. The 8th Plan adopted an integrated programme of local area development of selected villages.

Poverty is predominantly a rural phenomenon; urban poverty is only a spill-over of the rural poor who migrate to the urban areas in search of some source of livelihood. Therefore, the emphasis has been on removing rural poverty through a two pronged approach. One of them is to promote rural self-employment by helping the beneficiary to own some productive asset through a mix of subsidized bank credit and outright subsidy. The other, is to provide direct wage employment to the unemployed/under employed by utilizing the labour to create and maintain community assets like irrigation tanks, roads, and so on.

Some of the major initiatives in the above direction have been: the Integrated Rural Development Programme (IRDP) which started in 1980 with the aim of raising families above the poverty line by creating sustainable opportunities of self-employment. The scheme is implemented in all the Community Development blocks in the country as a centrally-sponsored scheme with both centre and state sharing the cost of subsidy equally. At least 50% of the beneficiaries should be SC/ST and 40% of the total beneficiaries should be women. The District Rural Development Agencies (DRDAs) consisting of officials and legislators implement the schemes under the IRDP. Official estimates show that during 1993-94, more than 54% of the beneficiaries were SC/ST (as against a target of 50%) and women beneficiaries were 34%. However, evaluation studies show that the programme was full of flaws in the identification of beneficiaries, estimating the quantum of funding, arranging marketing facilities, and so on. It was found that almost one-third of the beneficiaries did not have the original assets during the survey. In a comprehensive study of the programme in 1994, the Comptroller and Auditor General of India (CAG) also severely castigated the scheme on grounds of inefficient implementation and lack of coordination with other schemes in operation.

The National Rural Employment Programme (NREP) is a complementary scheme to assist in the creation of jobs by employing persons in building and maintenance of community assets. However, several evaluation studies conducted since the launching of the programme in 1980 showed weaknesses, such as poor beneficiary selection and wastage due to abandonment of projects mid-way. The Rural Landless Employment Guarantee Programme (RLEGP) was launched during 1983-84 with the aim of assuring at least 100 days (in a year) of employment to the rural landless labour households. They were to be employed in creating durable assets. Although started as a pilot project, the scheme encountered serious problems of implementation, as it was difficult to refuse employment to anyone who reported for work.

The Jawahar Rozgar Yojana (JRY) was launched in April 1989 by merging the NREP and the RLEGP. It is estimated that the JRY had created more than 1100 million person-days of work in 1994-95 alone. In 1996, the JRY was restructured and the allocation for the backward districts was merged with that of the Employment

Assurance Scheme (EAS). Two other components of the JRY — the Indira Awas Yojana and the Million Wells Scheme — were detached and made separate schemes. In 1996-97, the JRY was reported to have created 381.91 million person-days of work against the target of 414.13 million person-days. The JRY was again restructured in 1999 and re-named Jawahar Gram Samridhi Yojana (JGSJ). The scheme seeks to create supplementary rural employment through the development of rural infrastructure. It will be a centrally sponsored scheme and will be implemented directly by the village panchayats. Funding will be in the ratio of 75:25 between the centre and the states. The objectives of the JGSY are: creating village infrastructure including durable assets to increase the opportunities for sustained employment for the rural jobless, preference being given to SC/ST families below the poverty line and physically challenged persons.

The Indira Awas Yojana was launched in 1985-86 to provide free-of-cost dwellings to SC/ST and freed bonded labour who were below the poverty line. From 1993-94, the scheme was extended to non-SC/ST categories, and from 1995-96 to families of servicemen of armed and paramilitary forces killed in action. The DRDA/Zila Parishads will be the implementing agency. Some unique features of the scheme are: allotment of dwellings in the name of the female member of the household or in the joint names of the husband and wife. Also, the beneficiaries are to be involved in the construction right from the initial stages and the houses are to be built in clusters so as to optimize the expenditure on providing common services. The scheme is estimated to have built 37 lakh houses so far, costing Rs. 5038 crores. From 1999-2000, the scheme has been enlarged to integrate the provision of shelter with sanitation and drinking water. The new scheme is known as the Samagra Awas Yojana.¹¹

The Million Wells Scheme (MWS) is being implemented as a separate scheme with effect from January 1996. The objective is to augment the irrigation potential and assist in the development of the lands of marginal farmers belonging to SC/ST and freed bonded labour. The scheme is 100% subsidized. From 1993-94 the scheme is available to non-SC/ST beneficiaries also, provided they fulfil the other criteria. The

¹¹ Government of India, Economic Survey 2002-2003, Ministry of Finance & Company Affairs, Economic Division, p.217.

Training of Rural Youth for Self-Employment (TRYSEM) scheme was launched in 1979 to assist unemployed rural youth between the ages of 18 and 35 years to acquire skills and technology for self-employment in agriculture and allied activities. It is estimated that in 1996-97 3.6 lakh youth were trained under TRYSEM of which 1.3 lakhs were self-employed and 52,000 wage-employed.

The Development of Women and Children in Rural Areas (DWCRA) programme was launched in 1982 in order to assist rural women in income-generating activities. The scheme enjoyed participation and support of the UNICEF till January 1996. It provides a group of ten to fifteen rural women a revolving fund of Rs. 25,000 for starting income-generating ventures. The DWCRA scheme has proved to be immensely popular among rural women. It is estimated that during the 8th Plan period (ending March 1997) about 1.5 lakh groups were formed with more than 22 lakh women. Another poverty alleviation scheme is the Ganga Kalyan Yojana (GKY) launched with effect from February 1997. It seeks to provide irrigation facilities through ground water resources to small and marginal farmers below the poverty line. However, from 1999-2000, the government has decided to merge the various self-employment schemes in the rural sector (IRDP, DWCRA, TRYSEM, SITRA, MWS, and GKY) into a single, all-inclusive scheme called Swarna Jayanti Gram Swarozgar Yojana (SGSY). The objective of the SGSY is to establish a large number of micro-enterprises in the rural areas. Persons coming under the scheme will be known as swarozgaris (self-employed) and not beneficiaries. It is a credit-cum subsidy scheme operated through Self Help Groups (SHGs).¹² The Sampurna Grameen Rozgar Yojana (SGRY) was launched in September 2001. The schemes of Jawahar Gram Samridhi Yojana (JGSY) and the Employment Assurance Scheme (EAS) have been fully integrated with SGRY. The objective of the scheme is to provide additional wage employment along with food security, creation of durable community, social and economic assets and infrastructure development in the rural areas.¹³

The Pradhan Mantri Gramodaya Yojana (PMGY) was launched in 2000-01 in all the states and union territories in order to achieve the objective of sustainable

¹² Government of India, Economic Survey 2002-2003, Ministry of Finance & Company Affairs, Economic Division, p.216.

¹³ Ibid.

development at the village level. The PMGY envisages allocation of additional central assistance to states and union territories for selected basic minimum services in order to focus on certain priority areas of the government.¹⁴ The Antyodaya Anna Yojana was launched by the Prime Minister in 2001. Under the scheme 1 crore poorest families out of the BPL families covered under the Targetted Public Distribution System are identified. During the current year, the offtake of foodgrains from the Central Pool, upto December 2002, was 24.08 lakh tones.¹⁵

In the urban sectors, the following two schemes were in operation till December 1997. The Nehru Rozgar Yojana was embarked upon in October 1989. Subsequently, the Self-Employment Programme for Urban Poor (SEPUP), which was in operation from 1986-87, was merged with the NRY in 1992-93. The NRY consists of three sub-schemes: Scheme for Urban Micro Enterprises (SUME) to assist the urban youth in upgrading their skills; Scheme for Housing and Shelter Upgradation (SHASU) to provide employment through housing and shelter schemes; and Scheme of Urban Wage Employment (SUWE) to provide wage employment in urban infrastructure schemes. The Prime Minister's Rozgar Yojana (PMRY) was launched in 1993-94 to assist educated youth in setting up self-employment micro enterprises by giving soft loans upto Rs. 1 lakh. The stake of the beneficiary will be 5%. The scheme also provides imparting training to the beneficiaries. From December 1997, all the above schemes were amalgamated into a single scheme called the Swarni Jayanti Shahari Rozgar Yojana (SJSRY). Its objective is community empowerment through promoting community organizations like the Neighbourhood Groups (NHGs), the Neighbourhood Communities (NHCs) and the Community Development Societies (CDSs). The CDS will be the nodal agency for project identification and coordination.

Tendulkar and Jain have studied in detail the incidence of poverty in the pre-reform and post-reform period. It was noticed that rural poverty rose considerably in the first three years of reforms (1991, 1992, and 1993). After reaching a high of 43% it declined to 40% in 1993-94, which was still higher than the 1990-91 figure. Urban

¹⁴ Government of India, Economic Survey 2002-2003, Ministry of Finance & Company Affairs, Economic Division, p.216.

¹⁵Ibid

poverty rose in 1992 and 1993 before declining to 31% in 1993-94, as against the pre-reform percentage of 35.

Nehru, had envisioned “the ending of poverty and ignorance and disease and inequality of opportunity” as the task the country should forge towards. However, this task remains largely unaccomplished. India’s progress over the decades, while far from the worst, has been substantially and systematically outclassed by many other developing countries. Amartya Sen opines that the point is not that there has been no progress in India, nor that other countries are all doing better, but specifically that India’s success in removing ‘poverty, ignorance, disease and inequality of opportunity’ has been markedly less substantial than that of many other countries. The blame for independent India’s past failures is often put on insufficient development of market incentives. While there is considerable truth in that diagnosis, it is quite inadequate as an analysis of what has gone wrong in this country. There are many failures, particularly in the development of public educational facilities, health care provisions, social security arrangements, local democracy, environmental protection, and so on, and the stifling of market incentives is only one part of that larger picture. The failures can, then, hardly be accrued to ‘overactive’ government.¹⁶

It is useful to note that it is not a question of ‘more’ or ‘less’ government. Rather, it is a question of the ‘type’ of governance to have, and of seeing the role of public policies in promoting as well as repressing social opportunities.

II

India’s reform programme began in the middle of a macro-economic crisis that erupted in early 1991. The crisis was brought to a head by a steep fall in foreign exchange reserves to about \$ 1 billion (equal to two weeks’ imports), a sharp downgrading of India’s credit rating, and a cut-off of foreign private lending. Its basic underlying features were high inflation (12 per cent and rising), large public and

¹⁶ Jean Dreze and Amartya Sen, India – Economic Development and Social Opportunity, Oxford University Press, Delhi, 1996, p.8.

current account deficits (approximately 10 per cent and 3 per cent of GDP respectively), and a heavy and growing burden of domestic and foreign debt. External shocks played only a minor role in the crisis. Oil prices increased following the Iraqi invasion of Kuwait in August 1990, but only for a few months. This mini-shock would normally have been weathered without undue difficulty, but it impinged on an economy which was in a highly vulnerable state due to unsustainable macroeconomic policies over a prolonged period. The cut-off of foreign lending was not an exogenous shock but a reaction to the unsound macroeconomic position.

The roots of the crisis can be traced back to India's reaction to the earlier crisis of 1979-81 when world oil prices doubled. This exogenous shock changed India's current account position from near balance in 1978 to a deficit in 1981. India was, in 1991, close to defaulting on its international commitments. The country found it more and more difficult to borrow internationally, and there was also an adverse impact on the inflow of funds from non-resident Indians.

It was against this backdrop that India launched the New Economic Policy announced in Dr. Manmohan Singh's June 1991 budget. Broadly, the measures undertaken were: a short-term stabilization programme to bring the economy back on rails and a medium to long-term structural adjustment programme to correct structural rigidities and bottlenecks in the economy. At this juncture, it would be useful to point out the impediments faced by the centralized planning model in India. Planning primarily aimed at an institutional transformation of the economy. But one of the major problems relating to the basic thinking about the planning process is that in its concentration on the technical aspects, it does not and has not been able to address itself to the institutional problems of the economy. Our plans have taken over a part of the Soviet planning procedure of envisaging the economy as a macro unit and representing it in terms of a few aggregate figures such as national incomes, growth rates and capital-output ratios. But the real issue is that poverty and unemployment cannot be eradicated through an essentially aggregate approach. Person-specific, location-specific, commodity-specific approaches are necessary to deal with these

problems.¹⁷ Otherwise planners may be able to show through their impeccable arithmetic that the problems have been solved at the 'national level', while a large number of people in reality may continue to be poor and unemployed.

C.T. Kurien has opined that we have followed the French pattern of not relating plans to the primary production units. Our plans, as the French plans, are by branches and not by units. In the French case, however, the plan is consolidated by the active participation of the representatives of the actual producer groups, and the system has ways by which the policy-makers can reach primary units. A distinct feature of the Indian planning is that it does not have links with the primary units. Thus, the policy-makers have no way of reaching the 'target groups' among primary units. In the absence of this vital link, planning becomes a postulational exercise.¹⁸ The fatal flaw of the command economic system was its lack of any inherent self-correcting mechanism. When economic or political decisions went wrong, pressure did not build up within the system to change policies. Indeed, the market economy embedded in a democratic political system has performed better in the longer run precisely because it has such a self-correcting mechanism. This is why, despite its many faults and defects, the self-correcting mechanism operates time and again to save market-based political democracies from total economic or political collapse.

It only needs to be stressed that the role of this self-correction in the design of any economic reform programme cannot be exaggerated. Mistakes in policy are almost inevitable. This prompts us to study whether economic liberalization is incompatible with social spending or anti-poverty programmes. Economic liberalization in India began on a dramatic note, with sudden and fundamental changes in the strategy of development. In the context of a democracy, it is essential to understand the political foundations of such economic change. It is interesting to note that the economic compulsions of crisis-management evoked this response while decades of persistent poverty and mounting unemployment had so little impact.

¹⁷ C.T. Kurien, Poverty, Planning and Social Transformation, Allied Publishers Private Limited, Bombay, 1978, p.103.

¹⁸ Ibid.

It is clear that the reform process in India did not become strategy-based. It was neither shaped by the economic priorities of the ordinary people, nor did it have a long term view in terms of development objectives. It was crisis-driven.¹⁹ It has been rightly perceived by Deepak Nayyar and Amit Bhaduri that a clear link between the two perceptions — that of the ordinary people and that of the economic technicians, our current architects of liberalization — is to be established if liberalization has to be made meaningful.²⁰

This opens the debate on the effectiveness or ability of liberalization to engineer out poverty. Let us begin with that aspect which looks at liberalization as antithetical to poverty alleviation. It has been opined that markets produce goods for which there is enough purchasing power, and since the rich have more purchasing power, we are likely to produce better cars and not better buses, cellular phones and not improved ploughs, more soft drinks and not safe drinking water. As a corollary, private investment, both domestic and foreign, will be attracted precisely to these areas.

It has also been argued that the pace of economic development must slow down, as it has little political support from ordinary people. The most effective way is to introduce transparency in the economic decisions of the government. When the economic priorities of the government vary from those of the masses, wrong choices are made. Important economic or social objectives are given up, in the pursuit of other objectives which a technocrat believes to be more important. For instance, to attract foreign investment in support of the balance of payments and the partial convertibility of the rupee, a government may be willing to accept international patent laws which are detrimental to the priorities set by many Indians, who would like cheap medicines as consumers or cheap seeds as farmers.²¹

Another disconcerting aspect of liberalization is the attempt to masquerade the policies of crisis management as the policies of development, which had begun to retard India's prospects for economic development in the longer run. The champions

¹⁹ Amit Bhaduri & Deepak Nayyar, The Intelligent Person's Guide to Liberalization, Penguin Books India (P) Ltd., New Delhi, 1996, p.51.

²⁰ Ibid.

²¹ Ibid., p.8.

of economic liberalization and privatization, on the other hand, believe that most economic problems should be left to the market. And the market, they assert, will find a solution. These ideologues favour a 'minimalist state' and wish to roll back the government wherever possible. This, they believe, will release private initiatives, in various ways, to solve our problems, presumably even the problems of the poor. The political divide on economic development can thus be reduced to: distributive justice produced by the government versus efficient production based on private initiative. But the need of the hour is a synergetic relationship between the two. It is a simple fallacy to claim that if something (State intervention) does not work, its opposite (the free market) must work. No socialist command economic system can sustain itself in the longer run.

As a result, even those who claim to remain socialist today, have turned to market-oriented reforms under one name or another. On the other hand, market solutions are often inimical towards the poor. More importantly, government failure does not imply that a reliance only on markets will succeed. Economic policies are more complex. Some problems can be tackled better by liberalization and private initiative, but others require state action. And, on the whole, a cooperative rather than a conflicting relation between the state and the market seems more fruitful.

Pratap Bhanu Mehta avers²² that in the schema of liberalization, fiscally the government has not retreated, though most of what it spends does not go into important things such as infrastructure investment or health or education. Our economic and social future is not being jeopardised by the retreat of the state, but rather its continual presence in ways that both distort efficiency and impede the cause of justice. He also contends that the privatisation, liberalisation and de-regulation package is meant to restore the state to financial health so that it can expand in those areas; say health and education, where it needs to expand more.

Therefore, there is no need to assume that liberalisation will lead to the retreat of the state. And there is certainly no evidence that it is the retreat of the state that explains our failures in these areas. For instance, there is nothing in any liberalisation package

²² Pratap Bhanu Mehta, "A state of illusion", The Hindu, December 9, 2002.

that prevents the state from distributing part of its millions of tons of stock to the genuinely needy. What is preventing the state from doing it is that it is too caught up in venial politics of scandal and interest to actually care.

It follows therefore that those who blame our economic woes on the "retreat of the state" are missing the point in more ways than one can list. First, the state has not retreated; it has simply got more misshapen. Second, our problems are not due to the rise of neo-liberal market ideologies but are in large measure created by our politics. Third, in order for the state to grow in a healthy manner it badly needs to be reformed. Fourth, it is the case that international institutions such as the World Bank and the IMF have a lot to answer for. But in the case of India, their influence on our policy options is overrated. Ironically, the two recommendations of the World Bank that India refuses to follow are the following: increase its tax over GDP ratio and increase spending on health and education. In other words, even advocates of liberalisation do not envisage a retreat of the state.

It has become fashionable to say that liberalisation is incompatible with social spending or anti-poverty programmes. But to blame liberalisation for our weaknesses in these areas is surely a case of mistaken identity. We should simply ponder the fact that before liberalisation, spending on health, education and the social sector as a proportion of GDP was actually less than what it is now. So much for liberalisation being incompatible with social programmes. If liberalisation is indeed to blame for the fact that the Government does not spend on these sectors, as it should, what explains our dismal spending in these areas for 40 years after Independence?

If liberalisation and privatisation have any *raison d'etre* it is the following. Liberalisation will produce growth, and only growth will in the long run increase the Government's revenues. Privatisation will prevent the state from spending our money on unproductive uses. For instance, the average rate of return on public sector units is less than two per cent. If the Government simply sold most of them and put the money in a bank it would earn more and employ people more gainfully. De-regulation and Government stranglehold of certain sectors will prevent the state from letting political considerations override considerations of fiscal prudence.

Mahbub ul Haq argues that liberalization is an irreversible force, and that developing countries must learn to manage it in their best interests or they would get drowned by its cross currents. He reiterates that to gain from liberalization, developing countries must accelerate their human development, improve governance, and invest in infrastructure. If liberalization was superimposed on a poorly-educated and poorly-trained labour force with poor systems of governance and infrastructure, it would not lead to growth nor reduce poverty.²³ Again he reiterates that:

...markets are not very friendly to the poor, to the weak or to the vulnerable, either nationally or internationally. Nor are markets free. They are often the handmaidens of powerful interest groups, and they are greatly affected by the prevailing distribution of income....Is everybody in a position to compete in the market, or will some people fall outside the market-place because they do not have enough education, health, and nutrition to compete on any footing, let alone an equal footing? That is why much better distribution of income and assets, of credit, of power structures and certainly of knowledge and skills are vital to making markets work more efficiently. Markets cannot become neutral or competitive unless the playing field is even and playable.²⁴

Amartya Sen's prescription for ameliorating poverty also lies in the broadening of focus, where one does not endorse either a purely pro-market or pro-state position. He argues that the fact that the form of Indian political debates has tended to be quite traditional ('pro' or 'against' the market) has certainly contributed to confounding the nature of the issues.²⁵ The need for more active use of the market in, say, industrial production and trade does not do away with the need for more state activity in raising India's abysmal level of basic education, health care, and social security. Similarly, on the other hand, the recognition of the latter need does nothing to reduce the importance of reforming the over-bureaucratized Indian economy.

He also asserts that the market-complementary arrangements needed to eliminate famines have, on the whole worked quite well in post-independent India. However, the problem of omission remains a central one in the context of the contemporary Indian economy — not in terms of vulnerability of famine, but in the form of regular

²³ Mahabul Haq Human Development Centre, Human Development in South Asia 2001, Oxford University Press, Karachi, Foreword.

²⁴ *Ibid.*, p.10.

²⁵ Jean Dreze and Amartya Sen, India – Economic Development and Social Opportunity, Oxford University Press, New Delhi, 1996, p.25.

undernourishment, widespread illiteracy, and high rates of morbidity and mortality. These are denials of basic freedoms that human beings have reasons to value.

Furthermore, these deprivations can also be instrumentally significant by severely constraining the opportunity to participate in the process of economic expansion and social change. In trying to guarantee these freedoms, combining the functioning of markets and those of governments can be critically important. In these circumstances, market-complementary interventions can have favourable effects in a way that neither market-excluding interventions, nor non-intervention, can achieve.

Chapter 4: The Way Ahead – Amartya Sen’s Relevance

Poverty is not a new affliction. It is, however, intolerable in the modern world in a way it could not have been in the past. This is not so much because it is more intense, but because widespread hunger is so unnecessary and unwarranted in the modern world. The enormous expansion of productive power that has taken place over the last few centuries has made it, perhaps for the first time, possible to guarantee adequate livelihood to all, and it is in this context that the persistence of poverty must be seen as being morally outrageous and politically unacceptable. The moot point is to identify what in effect is responsible for engineering poverty out. This chapter facilitates in dilating precisely this view. It is divided into two sections — the first section looks at what ails India’s poverty alleviation programmes. It accrues weightage from Amartya Sen’s understanding of the problem and his prescription to salvage the same. The second section examines the adequacy of Sen’s understanding and attempts to broaden the debate to suit India’s specificities.

I

Amartya Sen avers that social justice can be seen as a process of expanding the real freedoms that people enjoy. Focusing on human freedoms contrasts with the narrower views of development, such as identifying development with the growth of gross national product, or with rise in personal incomes, or with technological advance, or with social modernization. Development requires the removal of major sources of unfreedom: poverty as well as tyranny, poor economic opportunities as well as systematic social deprivation.

The perspective of capability-poverty does not involve any denial of the sensible view that low income is clearly one of the major causes of poverty, since lack of income can be a principal reason for a person’s capability deprivation. While it is important to distinguish conceptually the notion of poverty as capability inadequacy from that of

poverty as lowness of income, the two perspectives cannot but be related, since income is such an important means to capabilities. And since enhanced capabilities in leading a life would tend, typically, to expand a person's ability to be more productive and earn a higher income, we would also expect a connection going from capability improvement to greater earning power and not only the other way around. Sen argues that "the latter connection can be particularly important for the removal of income poverty. It is not only the case that, say, better basic education and health care improve the quality of life directly; they also increase a person's ability to earn an income and be free of income-poverty as well. The more inclusive the reach of basic education and health care, the more likely it is that even the potentially poor would have a better chance of overcoming penury."¹ It is also Sen's contention along with Jean Dreze that in several ways the economic reforms have opened up economic opportunities for the people that were curbed by overuse of control and by the limitations of what had been called the 'license Raj.' And yet the opportunity to make use of the new possibilities is not independent of the social preparation that different sections of the Indian community have. While the reforms were overdue, they could be much more productive if social facilities were there to support the economic opportunities for all sections of the community.

Indeed, many Asian economies — first Japan, and then South Korea, Taiwan, Hong Kong, and Singapore, and later post-reform China and Thailand and other countries in East Asia and Southeast Asia — have done remarkably well in spreading the economic opportunities through an adequately supportive social background, including high levels of literacy, numeracy, and basic education; good general health care; completed land reforms; and so on. Sen maintains that the lesson of opening of the economy and the importance of trade has been more easily learned in India than the rest of the message from these countries. Poverty alleviation schemes in India, post independence, have primarily focused on income generation. It was believed that the benefits of rapid industrialization and economic development would translate into reducing the incidence of poverty. At this juncture it would also be useful to recall that the economic reforms engendered in the early 90s were primarily crisis driven. What engineered the

¹ Amartya Sen, Development As Freedom, Oxford University Press, New Delhi, 2002, p.90.

stabilization programme was the economic turmoil faced by the country. What in effect has happened after the reforms is the increasing affluence of the preferred minority, with the majority still below the poverty line. This is not in any way highjacking the reform agenda, which was in fact overdue. The serious question to be addressed is the faulty governance that has made no attempt to fill in the fissures.

To understand what went wrong with the Indian policy making and implementation, it would be useful to study the scenario in other countries which had started off on a similar plank like India, but which have sped off at tremendous speed leaving India far behind. Following the establishment of the People's Republic of China in 1949, comparison with China and the lessons to be learned from its experience became staple concerns in Indian politics. Indeed, it is natural to judge Indian successes and failures in comparative terms with China. Since the economic reforms introduced around 1979, China's example has been increasingly quoted by quite a different group of political commentators and advocates. China's successful liberalization programmes and its massive entry into international trade has been increasingly projected as a great model for India to act on.

The People's Republic of China was established in October 1949, just a few months before the constitution of the federal Republic of India came into force in January 1950. The Indian leadership, at that stage on good terms with China, tended to underplay the competing importance of China's example, treating the respective efforts at economic development and political emancipation as similar in spirit. As Jawaharlal Nehru put it in a speech in 1954, 'these new and revolutionary changes in China and India, even though they differ in content, symbolize the new spirit of Asia and new vitality which is finding expression in the countries in Asia.'² The sense that there is much to learn from China's experience was immediate and powerful. The radicalism of Chinese politics seemed to many to be deeply relevant to India, given the enormity of its poverty and economic misery. China was the only country in the world comparable with India in terms of population size, and it had similar levels of impoverishment and distress. The fact that as

² Speech made on 23 October 1954, reproduced in Sarvepalli Gopal (ed), Jawaharlal Nehru: An Anthology, Oxford University Press, Oxford and Delhi, 1983, pp. 371-3.

a solution China sought a revolutionary transformation of society had a profound impact on political perceptions in the sub-continent.

Similarly, later on, China's choice of market-oriented reform and of a policy of integration with the world economy has given those policies a much wider hearing in India than they could have conceivably had on the basis of what had happened in the countries that are much smaller and perceived to be quite dissimilar to India: Hong Kong, Taiwan, Singapore, even South Korea. From revolutionary inspiration to reformist passion, China has got India's ear again and again. We shall presently argue that there is indeed a great deal to learn from China. For that to happen, however, it is crucial to have a clear view of the roots of Chinese triumphs and successes, and also of the sources of its troubles and failures.

It is, of course, first of all necessary to distinguish between — and contrast — the different phases of the Chinese experience, in particular, before and after the economic reforms initiated in 1979. But going beyond that, it is also important to take note of the interdependence between the achievements in the different periods. Amartya Sen and Jean Dreze aver that the accomplishments relating to education, health care, land reforms, and social change in the pre-reform period made significantly positive contributions to the achievements of the post-reform period. This is so in terms of their role not only in sustaining high life expectancy and related achievements, but also in providing firm support for economic expansion based on market reforms.³

Living conditions in China at the time of political transformation in 1949 were probably not radically different from those in India at that time. Both countries were among the poorest in the world and had high levels of mortality, undernutrition, and illiteracy. While generalizations about living standards in India or China of those times are subject to wide margins of error, the available evidence makes it hard to support the idea that a gap

³ Jean Dreze and Amartya Sen, India – Economic Development and Social Opportunity, Oxford University Press, New Delhi, 1996, p.59.

between the two countries already existed in the late forties.⁴ Since then, however, a striking contrast has emerged between the two countries. This applies even to per-capita real income. On Sen's view, the contrast is extremely sharp in the case of basic education and literacy and that China is well ahead of India as far as the elimination of health deprivation is concerned.

Adult literacy rates in India were as low as 39 per cent for women and 64 per cent for men in 1990-91, compared with 68 per cent for Chinese women and 87 per cent for Chinese men.⁵ Age-specific literacy rates bring out a crucial feature of the Chinese advantage. In 1987-8, 26 per cent of adolescent boys in India, and 48 per cent of adolescent girls, were found to be illiterate. The corresponding figures for China in 1990 are only 3 per cent for boys and 8 per cent for girls. In other words, China is now quite close to universal literacy in the younger age groups. In India, by contrast, there is still a massive problem among young boys and especially girls.⁶ Dreze and Sen argue that China's lead over India was achieved before China embarked on a wide-ranging programme of economic reforms at the end of the seventies. During the eighties, there has been progress in both countries, with no major change in their comparative positions. The Chinese relative advantage over India is, thus, a product of its pre-reform groundwork, rather than its post-reform redirection. This prompts us to look at China's pre-reform achievements in a comparative perspective with India.

If we look at relative rates of growth of GNP per head in pre-reform China and in India over the same period, we do not get any definitive evidence that the Chinese rate of growth was substantially faster than India's. That situation has, of course, changed since the reforms of 1979, which have ushered in a remarkable period of sustained rapid expansion of the Chinese economy. China's real achievement in the pre-reform period lies in what it managed to do despite poor economic growth, rather than in what it could

⁴ Human Development Report 1994, gives the following estimates for 1960: real GDP per capita: India 617, China 723; life expectancy at birth: India 44, China 47; infant mortality rate: India 165, China 150.

⁵ Cited in Jean Dreze and Amartya Sen, *India – Economic Development and Social Opportunity*, Oxford University Press, New Delhi, 1996, p.64.

⁶ Ibid.

do through high economic growth. For example, the remarkable reduction in chronic undernourishment took place despite the fact that there had been relatively little increase in food availability per person. The casual processes through which the reduction of undernutrition was achieved involved extensive state action including redistributive policies, nutritional support, and of course health care.

China's achievements in the field of health during the pre-reform period include a dramatic reduction of infant and child mortality and a remarkable expansion of longevity. By 1981, the expectation of life at birth was estimated to be already as high as 68 years (compared with 54 years in India), and infant mortality as low as 37 deaths per 1,000 live births (compared with 110 in India).⁷ Progress in health and longevity during the eighties has been in the nature of a continuation of these trends, rather than a new departure.

China's breakthrough in the field of elementary education had also taken place before the process of economic reform was initiated at the end of the seventies. Census data indicate, for instance, that literacy rates in 1982 for the 15-19 age group were already as high as 96 per cent for males and 85 per cent for females (the corresponding figures for India at that time were 66 per cent and 43 per cent).⁸ The eighties continued that progress and consolidated China's lead, but the relative standings had been decisively established before the Chinese reforms.

The developments that have taken place in China since the reforms of 1979 have been quite remarkable. The rates of economic growth have been outstandingly high. Between 1980 and 1992, the GNP per capita in China seems to have grown at an astonishing 7.6 per cent per year.⁹ The high rates of growth of output and real income have permitted the use of economic means to reduce poverty and to improve living conditions. The scope of removing poverty, according to Sen, is obviously much greater in an economy where per-capita income doubles every ten years, as the annual growth rate of 7.6 per cent implies,

⁷ Cited in Jean Dreze and Amartya Sen, *India – Economic Development and Social Opportunity*, Oxford University Press, New Delhi, 1996, p.67.

⁸ Ibid.

⁹ Ibid.

than in a country where it limps along at 2 or 3 per cent per year, as has been the case in India for much of the last five decades. For China, it is estimated that the proportion of the rural population below the poverty line has fallen from 33 per cent in 1978 to 11 per cent in 1990 (World Bank, 1992).¹⁰ This is a very rapid decline. While India too has achieved a significant reduction of rural poverty in this period, the magnitude of the reduction has been much more modest: a fall from 55 per cent in 1977-8 to 42 per cent in 1988-9.¹¹ There can be little doubt that China has done much better than India in this particular respect,¹² and in explaining this difference, the much higher growth rate of the Chinese economy must receive the bulk of the credit.

Indeed, the post-reform period in China has not been one of substantial redistributive efforts, and the available evidence indicates that income inequality has probably increased rather than decreased since the reforms were initiated. Dreze and Sen ascribe this to participatory growth, rather than radical redistribution, that accounts for the rapid decline of poverty in China in the eighties. In India, the eighties have witnessed some acceleration of economic growth, with little change in economic inequality, and these trends have coincided with the emergence of a marked decline in the head-count index, but the decline of poverty has remained comparatively modest.

The reduction in income poverty in China in the post-reform period is an achievement of great importance, given that lack of income often drastically constrains the lives that people can lead. But this finding, on Sen's notion, needs to be supplemented with further information about what has been happening in matters of living conditions, e.g. mortality rates and related indicators. In fact, while the improvements of living conditions during the pre-reform period, including the expansion of life expectancy and the reduction of infant mortality and illiteracy, have been consolidated and extended in the post-reform period, the rate of progress in these fields since 1979 has been, in some important

¹⁰ Cited in India – Economic Development and Social Opportunity, Jean Dreze and Amartya Sen, Oxford University Press, New Delhi, 1996, p.68.

¹¹ Ibid.

¹² The poverty lines used in China and India are not the same, so that what is being compared here are the relative declines in poverty during the 1980s, rather than the absolute poverty levels.

respects, rather moderate in comparison with the pre-reform period. On Sen's view, the difficult areas for post-reform China have been precisely those for which income expansion alone is not a solid basis of rapid progress. While the eighties have witnessed a dramatic expansion of private incomes in China, there seems to have been less success in the further development of public services, particularly in the poorer rural areas. The reasons cited by Sen to explicate this phenomenon are the following. The rapid expansion of the private economy has tended to drain human resources away from the public sector, where income-earning opportunities (e.g. for teachers and doctors) are far less attractive. There is also some evidence, according to Sen, of reduced state commitment to the widespread and equitable provision of public services.

One symptom of this is the extension of the 'enterprise responsibility' model of public-sector management to social services, leading to widespread introduction of user fees as a means of ensuring cost recovery. For these and other reasons, public services in large parts of rural China have come under some strain during the post-reform period. Village health services, for instance, have been comprehensively privatized. Whatever adverse effects these developments have had in the post-reform period have clearly been, on balance, outweighed by the favourable impact of rapid growth of private incomes, and the overall progress of living conditions has continued. But the result of this tension has been to moderate China's rate of progress in some social achievements, just when it has done so very well in stimulating economic growth.

This line of reasoning does not dispute the importance of what has been achieved in China in the post-reform period, but it suggests that China's progress on the income front has been diluted in the social field by its changed approach to public services, which could have got more from the expanded resources made available by rapid economic growth. These observations also guard us against rubbishing what China had already done before the reforms. That general conclusion receives further support from the need to consider and scrutinize the factors underlying China's rapid economic growth in the post-reform period. The 'magic' of China's market rests on the solid foundations of social changes that had occurred earlier, and India cannot simply hope for that magic,

without making the enabling social changes — in education, health care, land reforms, etc. — that help make the market function in the way it has in China. But Sen is evidently cautious about emulating only the positive lessons what can be fruitfully emulated from China. He points out the ‘non-lessons’ what may be best avoided. He looks into the Chinese experience of famine compared with India’s better record in that field. He avers that India’s performance in famine prevention since independence has been much more successful, and even when a natural calamity like a drought has led to a potential famine situation, the occurrence of an actual famine has been averted through timely government action.

Dreze and Sen have analyzed the causation of Chinese famines from different perspectives. The disastrous experience of the Great Leap Forward and the related programme of rapid collectivization of agriculture are important elements in this story. The incentive system crashed badly and the organizational base of the Chinese agricultural economy collapsed. The problem was compounded by the arbitrary nature of some of the distributional policies, including features of communal feeding.

The Chinese government did not wake up to the nature and magnitude of the calamity for quite a long time, and the disastrous policies were not revised for three years, while the famine raged on. The informational failure was linked to a controlled press, which duped the public in suppressing information about the famine, but in the process deluded the government as well. The local leaders competed with each other to send rosy reports of their alleged success outdoing their rivals, and at one stage the Chinese government was convinced that it had a 100 million more metric tons of foodgrains than it actually had.

Also, the government was immune to public pressure, because no opposition party or political dissent was tolerated. There was, thus, no organized demand for the government to resign despite sights of starvation and mortality, and the political leaders could hang on to the disastrous policies for an incredibly long time. On Dreze’s and Sen’s view, this particular aspect of the Chinese famine — its linkage with the lack of democracy in China — fits into a more general pattern of association between democracy and

successful prevention of famines, or — seen the other way — between the absence of democracy and the lack of any guarantee that serious attempts to avert famines will be undertaken.¹³ Sen contrasts this with India where no substantial famine has ever occurred owing to a democracy where the government tolerates opposition, accepts the electoral process, and can be publicly criticized.

India's democratic system has many flaws, but it certainly is radically more suited to famines according to Sen. Underlying that specialized point about famines and famine prevention, there is a more general issue which is worth considering in this context. The successes of the Chinese economic and social policies have depended crucially on the concerns and commitments of the leadership. Because of its radical commitment to the elimination of poverty and to improving living conditions — a commitment in which Maoist as well as Marxist ideas and ideals played an important part — China did achieve many things that the Indian leadership failed to press for and pursue with any vigour. The elimination of hunger, illiteracy, and ill health falls solidly in this category. When state action operates in the right direction, the results can be quite remarkable, as is illustrated by the social achievements of the pre-reform period.

Clearly, in learning from China what is needed is neither 'piecemeal emulation' (involving liberalization without the supportive social policies), nor indeed 'wholesale emulation' (including the loss of democratic features).¹⁴ There is much to learn from causal analyses relating Chinese policies in different periods to the corresponding achievements. The relationship between the accomplishments in China before and after the economic reforms is particularly important to study. There is much for India to learn from China on a discriminating basis.

Distinctly, it is visible that the Indian policy makers glossed over this vital groundwork of sound educational and medical facilities while preparing the road map for alleviating poverty. Apart from capability deprivation, the development scenario in India was

¹³ Jean Dreze and Amartya Sen, India – Economic Development and Social Opportunity, Oxford University Press, New Delhi, 1996, p.76.

¹⁴ *Ibid.*, p.86.

marked by certain other unfreedoms. As a corollary to the development of capabilities, it can be argued that such an attempt would also arouse the poor about the hapless situation they have been forced to accept.

Awareness about their plight, coupled with the consciousness of the rights guaranteed by the Indian Constitution, probably the day would not be far when the poor are mainstreamed. Such a conclusion benefits from the widespread protest of the tribals (and supported by the civil society at large), who have been a historically deprived lot, against the faulty development paradigm adopted by the Indian state which seeks to evict the ecosystem people from their habitat, sans adequate rehabilitation. It was possible for the marginalized indigenous lot to combat the bureaucratized state primarily due to the consciousness of their rights or rather the denial of the same. Such a consciousness could only be possible through education.¹⁵

The basic issue which needs to be tackled to alleviate poverty is to enhance the power of the vulnerable groups to command food and other essentials, rather than just the physical availability of commodities.¹⁶ Sometimes the position that hunger is essentially due to a command failure not necessarily caused by an output failure is summarized in the form of the simple slogan 'hunger is caused by a lack of income, not of food supply.' Extending this line of straightforward analysis, it is often argued that the real problem lies in the shortage of purchasing power, rather than of anything else.

If a group of people fail to establish their entitlement over an adequate amount of food, they have to go hungry. If that deprivation is large enough, the resulting starvation can lead to death. Thus, Sen avers that starvation or deprivation is best seen as a result of 'entitlement failure'. Since the food supply is not divided among the population through some distributive formula (such as equal division), each family has to establish command over its own food. Sen vividly explicates that the notion of entitlement in this context

¹⁵ What is being connoted by the term 'education' is not literacy per se, but awareness of one's human rights and the attempt to protest any denial of the same.

¹⁶ Jean Dreze and Amartya Sen, Hunger And Public Action, Oxford University Press, New Delhi, 1999, p.179.

must not be confused with normative ideas as to who might be 'morally entitled' to what. The reference instead is to what the law guarantees and supports.

He further explains that the "entitlement of a person stands for the set of alternative commodity bundles that can be acquired through the use of the various legal channels of acquirement open to that person."¹⁷ In a private ownership market economy, the entitlement set of a person is determined by his original ownership bundle (what is called 'endowment') and the various alternative bundles that the person can acquire, starting with each initial endowment, through the use of trade and production (what is called 'exchange entitlement').¹⁸

A person has to starve if her entitlement set does not include any commodity bundle with an adequate amount of food. Here it is important to note that Amartya Sen claims that poverty can reflect relative deprivation as opposed to absolute dispossession. It is possible for poverty to exist, and be regarded as acute, even when no serious starvation occurs. Starvation, on the other hand, does imply poverty, since the absolute dispossession that characterizes starvation is more than sufficient to be diagnosed as poverty, no matter what story emerges from the view of relative deprivation.¹⁹

Sen argues again that a person can be reduced to starvation if some economic change makes it no longer possible for her to acquire any commodity bundle with enough food to survive. This 'entitlement failure' can happen either because of a fall in her endowment (e.g. alienation of land, or loss of labour power due to ill health), or because of an unfavourable shift in her exchange entitlement (e.g. loss of employment, fall in wages, rise in food prices, drop in the price of goods or services she sells, decline in self-employed production).

¹⁷ Jean Dreze and Amartya Sen, Hunger And Public Action, Oxford University Press, New Delhi, 1999, P.23

¹⁸ Ibid., p.23

¹⁹ Amartya Sen, Poverty and Famines, Oxford University Press, New Delhi, 2001, p.39.

The entitlement approach views famines as economic disasters, not just as food crises. That famines can take place without a substantial food availability decline is of interest mainly because of the hold that the food availability approach has in the usual famine analysis. It has also led to disastrous policy failures in the past. The failure to anticipate the Bengal famine, which killed about three million people, and indeed the inability even to recognize it when it came, can be traced largely to the government's overriding concern with aggregate food availability statistics. Sen opines that "the entitlement approach concentrates instead on the ability of different sections of the population to establish command over food, using the entitlement relations operating in that society depending on its legal, economic, political, and social characteristics."²⁰

In analyzing the causation of famines and in seeking social changes that eliminate them, the nature of entitlement systems and their workings have to be understood and assessed. The same applies to the problem of regular hunger and endemic undernourishment. If people go hungry on a regular basis all the time, or seasonally, the explanations of that have to be sought in the way the entitlement system in operation fails to give the persons involved adequate means of securing enough food. Seeing hunger as entitlement failure points to possible remedies as well as helping us to understand the forces that generate hunger and sustain it.

In particular, this approach compels us to take a broad view of the ways in which access to food can be protected or promoted, including reforms of the legal framework within which economic relations take place. Since food problems have often been discussed in terms of the availability of food without going into the question of entitlement, it is particularly important to understand the relevance of seeing hunger as entitlement failures. Such failures can occur even when food availability is not reduced, and even when the ratio of food to population goes up rather than down. Indeed, the relentless persistence of famines and the enormous reach of world hunger, despite the steady and substantial increase in food availability per head, makes it particularly imperative for us to reorient our approach away from food availability to entitlements.

20 Amartya Sen, Poverty and Famines, Oxford University Press, New Delhi, 2001, p.162.

This can be done, according to Sen, without losing sight of the elementary fact that food availability must be *among* the factors that determine the entitlements of different groups of people, and that food production is one of the important determinants of entitlements. But that is only a part of the story (though an important part), and must not be seen as all of it. Sen argues further that the exchange entitlements depend not merely on market exchanges but also on those exchanges, if any, that the state provides as a part of its social security programme. Given a social security system, an unemployed person may get 'relief', an old person a pension, and the poor some specified 'benefits'. These affect the commodity bundles over which a person can have command. They are parts of a person's exchange entitlements, and are conditional on the absence of other exchanges that a person might undertake.

For example, a person is not entitled to unemployment benefit if he exchanges his labour power for a wage, i.e. becomes employed. Similarly, exchanges that make a person go above the specified poverty norm will make him ineligible for receiving the appropriate relief. These social security provisions are essentially supplementations of the process of market exchange and production, and the two types of opportunities together determine a person's exchange entitlement in a private ownership market economy with social security provisions.

The social security provisions are particularly important in the context of starvation. Sen points out that the reason why there are no famines in the rich developed countries is not because people are generally rich on the average. Rich they certainly are when they have jobs and earn a proper wage; but for large numbers of people this condition fails to hold for long periods of time, and the exchange entitlements of their endowments in the absence of social security arrangements could provide very meagre commodity bundles indeed. With the proportion of unemployment as high as it is, say, in Britain or America today, but for the social security arrangements there would be widespread starvation and possibly a famine. What prevents that is not the high average income or wealth of the British or the general opulence of the Americans, but the guaranteed minimum values of

exchange entitlements owing to the social security system.²¹ Similarly, the elimination of starvation in socialist economies — for example in China — seems to have taken place even without a dramatic rise in food availability per head, and indeed, typically the former has preceded the latter. The end of starvation reflects a shift in the entitlement system, both in the form of social security and — more importantly — through systems of guaranteed employment at wages that provide exchange entitlement adequate to avoid starvation.

The approach of entitlements is thus quite inescapable in analyzing starvation and poverty. For Amartya Sen, to say that starvation depends ‘not merely’ on food supply but also on its ‘distribution’ would not be correct enough, though remarkably helpful. The important question then would be: what determines distribution of food between different sections of the community? The entitlement approach directs one to questions dealing with ownership patterns and — less obviously but no less importantly — to the various influences that affect exchange entitlement mappings. In so far as food supply itself has any influence on the prevalence of starvation, that influence is seen as working *through* the entitlement relations. If one person in eight starves regularly in the world, this is seen as the result of his inability to establish entitlement to enough food; the question of the physical availability of the food is not directly involved.

The entitlement approach explores the dimensions of poverty in its nuances and thus provides an effective tool to the policy makers to root out poverty. The entitlement approach requires the use of categories based on certain types of discrimination. A small peasant and a landless labourer may both be poor, but their fortunes are not tied together. According to Sen, in understanding the proneness to starvation of either we have to view them not as members of the huge army of ‘the poor’, but as members of particular classes, belonging to particular occupational groups, having different ownership endowments, and being governed by rather different entitlement relations. Classifying the population into the rich and the poor may serve some purpose in some context, but it is far too indiscriminating to be helpful in analyzing starvation, famines, or even poverty.

²¹ Amartya Sen, Poverty and Famines, Oxford University Press, New Delhi, 2001, p.7.

The entitlement approach on Sen's perspective "not merely rejects such grossness; it demands much greater refinement of categories to be able to characterize entitlements of different groups, with each group putting together different people who have similar endowments and entitlements."²²

As a category for causal analysis, 'the poor' isn't a very helpful one, since different groups sharing the same predicament of poverty get there in widely different ways. Such a categorization, on Sen's notion, can also have distorting effects on policy matters. On the causal side, the lack of discrimination between different circumstances leading to poverty gives rise to a lack of focus in policy choice. With the use of the head-count measure of poverty, the best rewards to poverty-removal policies are almost always obtained by concentrating on the people who are *just* below the poverty line rather than on those who are suffering from deep poverty.

Amartya Sen while contending that poverty is a multi-faceted phenomenon, recognizes that the connections between the different types of deprivation are not only biological (e.g. between illness and undernutrition) but also economic and social (e.g. between unemployment and illness). The idea of 'social security' is that of using social means to prevent deprivation and vulnerability. Social means can be of various types. Perhaps the most immediate is to provide direct support to the ability of the vulnerable to acquire the means to basic capabilities.

Providing free food or cash to potential famine victims is an obvious example of this. On a more regular basis, providing unemployment insurance, free health services and basic education, etc., are other examples of such direct support. The social means could also be indirect on Sen's view. For instance, creating the social conditions of economic growth may make a substantial — and lasting — contribution to eliminating deprivation, if growth involves widespread participation of the population in the process of economic expansion. At length, Sen avers that 'social security' essentially is an objective pursued through *public means* rather than as a narrowly defined set of particular strategies, and it

²² Amartya Sen, Poverty and Famines, Oxford University Press, New Delhi, 2001, p.157.

is important to take a broad view of the public means that are relevant to the attainment of this objective.²³

The distinction Sen makes between the two different aspects of social security, viz. *protection and promotion*, is also worth studying, as a guiding mechanism to effective policy making. The former is concerned with the task of preventing a decline in living standards as might occur in, say, an economic recession, or — more drastically — in famine. The latter refers to the enhancement of general living standards and to the expansion of basic capabilities of the population, and will have to be seen primarily as a long-run challenge. However, Sen opines that public action for social security is neither just a matter of state activity, nor an issue of charity, nor even one of kindly redistribution. The activism of the public, the unity and solidarity of the concerned population, and the participation of all those who are involved are important features of public action for social security.

The challenge of confronting in an effective manner the scourge of poverty calls for diverse forms of public action. The provision of social security cannot exclusively rely either on the operation of market forces, or on some paternalistic initiative on the part of the state, or on some other social institution such as the family. The need for public action, according to Sen, however, does not in itself point to the nature of the action to be undertaken. There are different areas of action, different strategies to pursue different agents for undertaking action. The decision problems implicit in the choices involved are both complex and momentous.

The issues include political and social phenomena as well as economic ones. The strategy of public action can be as difficult as it is urgent. The orientation of public action must clearly depend on the feasibilities of different courses of action. These feasibilities relate not merely to the causal factors that lead to deprivation and hunger, but also to the nature and power of the agencies involved. In particular, the character of the state, and the

²³ Jean Dreze and Amartya Sen, Hunger And Public Action, Oxford University Press, New Delhi, 1999, p.16.

nature of the government undertaking state actions, can be crucial. The questions raised include not merely the administrative capabilities of governments, but also the political commitments and loyalties as well as the power bases of the holders of political power.

Sen also clearly points out that the public is not a homogenous entity, and there are divisions related to class, ownership, occupation, and also gender, community and culture. While public action for social security is in some sense beneficial for all groups, the division of the benefits involved cannot escape differential pulls coming from divergent interest groups. The art of public action has to take note of these cooperative conflicts. To think of public action as action for the benefit of a homogeneous public is to miss a crucial aspect of the challenge.

Sen again reiterates that state action for the elimination of poverty can take enormously divergent forms. It need not involve only food production or food distribution. It can take the form of income or employment creation on a regular basis to combat endemic undernourishment. It can also involve famine relief operations in the form of employment for wages in cash or in kind to regenerate the purchasing power of hard-hit occupation groups. It can include the provision of health care and epidemic control, which may be important not merely as basic ingredients of the general well-being of the population, but also in preventing undernourishment, which is often associated with parasitic ailments and other forms of morbidity.

State action can also take the form of enhancing economic development, in general, and the growth of incomes and other means of subsistence, in particular, through the expansion of productive activities. The discipline of public action may be widely different in these various fields, and the strategy of public action for social security has to be alive to the respective issues involved. The complementarities and tradeoffs between different avenues of action also have to be firmly faced in developing an overall effective public programme for eliminating hunger in all its forms. Also, Sen contends that some public institutions, in particular the market, have often been seen as being an alternative to state action. To some extent this is right, since market mechanisms determine certain

allocations and distributions, and state actions can alter or even take over many of these functions. While the conflicts between the reliance on markets and that on state action have to be fully acknowledged, it is also important not to see these two avenues as being in constant combat with each other.

The need to consider a plurality of levers and heterogeneity of mechanisms is hard to escape in the strategy of public action for social security. The internal diversities involved in an effective public action programme can be quite extensive. For example, several countries have achieved some success in preventing famines by combating cash transfers to vulnerable groups in the form of wages for public employment with reliance on the private sector for moving food to affected regions, along with public participation in food distribution to prevent the emergence of collusive manipulations by private traders. These combined strategies illustrate the fruitfulness of taking an integrated and pluralist view of public action.

Sen urges one not to confuse public action with state action only. Various social and political organizations have typically played a part in actions that go beyond atomistic individual initiatives, and the domain of public action does include many non-state activities. Indeed, in many traditional societies, individual security has tended to depend greatly on support from groups such as the extended family or the community. The active role of the state in the modern world should not be seen as replacement of what these non-governmental groups and institutions can achieve.

Finally, even as far as state action is concerned, there is a close relationship between public understanding and awareness, on the one hand, and the nature, forms, and vigour of state action in pursuit of public goals, on the other. Political pressure plays a major part in determining actions undertaken by governments, and even fairly authoritarian leaders have, to a great extent, to accept the discipline of public criticism and social opposition. Public enlightenment may, thus, have the role both of drawing attention to problems that may otherwise be neglected, and of precipitating remedial action on the part of governments faced with critical pressure. For example, the role of newspapers and public

discussions, which can be extremely crucial in identifying famine threats (an energetic press may be the best 'early warning system' for famine that a country can devise), can also help to keep the government on its toes so that famine relief and preventive measures take place rapidly and effectively.

Public action includes not just what is done for the public by the state, but also what is done by the public for itself. The latter includes not merely the directly beneficial contributions of social institutions, but also the actions of pressure groups and political activists. Indeed, even in the determination of what the government will do, the role of public pressure may be an important one. The question of public enlightenment and awareness involves both institutional features and the nature of social and political movements in the country. Since these are not immutable factors, the role of public action must be examined not merely in terms of consolidation of past achievements, but also with a view to possible departures in new directions. It is important to see the public as an agent and not merely as a passive patient.

Public action against hunger and deprivation involves the agency of the public as well as its role as the beneficiary. While the activities of the state fit into this general picture and can play an important role — even crucial — role, it would be a mistake to see it as the only, or even the primary, part of that picture. Ultimately, public action will be determined by what the public is ready to do, what sacrifices it is ready to make, what things it is determined to demand, and what it refuses to tolerate. According to Sen, the terrible problems of resilient hunger in the modern world call for a more adequate challenge, which can be met effectively by a varied system of public action.

Sen emphasizes the idea that when it comes to enhancing basic human capabilities and, in particular, beating persistent hunger and deprivation, the role played by public support — including public delivery of health care and basic education — is hard to replace. The crucial role of public support in diverse economic environments is well illustrated by the intertemporal variations in the experience of China. The radical transformation in the health and nutritional status of the Chinese population took place before the reforms of

1979, at a time of relatively moderate growth of GNP but enormously effective public involvement in the promotion of living conditions. The post reform period has seen an impressive acceleration in the growth of GNP and private incomes, but also a crisis of public provisioning (especially of health services), and an increase in mortality. Much more is involved in increasing human capabilities — and in preventing their decline — than the stimulation of economic growth through revamping private incentives and market profits.

It has been argued by Dreze and Sen that, the objectives of public action against endemic hunger have to go well beyond the enhancement of food intake. Human well being relates to the lives that people can lead — their ‘capabilities’ — rather than only to the commodities they can command. In the context of hunger, we are concerned with the ability that people have to lead a life without undernourishment, and not with the quantities of their food intake as such.²⁴ Even as far as entitlements are concerned, (that is the command over commodities that people have), Sen argues that the relevant characterization must take note of all the commodities that can significantly influence a person’s ability to lead a life without undernourishment. This would typically include not only food, but also health care and medical attention, since parasitic and other diseases contribute substantially to undernourishment as well as ill health. The list of important commodities must also include such items as clean water, living space and sanitation. In fact, Sen states that capabilities depend not only on the commodities consumed, but also on their utilization.

But quite often rates of utilization may well be influencible by public action and policy. For example, the lack of information and knowledge about nutrition and health, or blind acceptance of injurious practices and traditions, reduces the capabilities that a person can get from a given entitlement to food and health care, then an expansion in education can, quite possibly, much enhance the person’s nutritional capabilities. In this case, the entitlement to and the actual use of educational opportunities must also be included

²⁴ Jean Dreze and Amartya Sen, Hunger And Public Action, Oxford University Press, New Delhi, 1999, p.261.

among the relevant focal points for policy. Education is not only of direct importance to living (e.g., in broadcasting a person's horizon of perception and thought). It can also influence the conversion of other entitlements into human abilities (e.g., the conversion of incomes into nutritional capabilities).

In fact, Sen avers that the expansion of basic education in general, and of female education in particular, can have several distinct roles in reducing endemic undernourishment. Some of the influences of educational expansion may operate through affecting the person's entitlement to food and health care, e.g., by making the person more employable (and thus raising her income), or by making her more influential in demanding public provisioning of these basic essentials (through informed criticism of public policy and more articulate demands).

The influence of education may also work through increasing the person's ability to use the available opportunities and entitlements (including the public services offered, e.g., through more extensive and better informed utilization of health services). Also, educational expansion can lead to a less prejudiced intrahousehold distribution of food and health care. For example, greater female literacy tends to increase the bargaining power of women within the household and can reduce anti-female bias in nutritional division.

Furthermore, an educated public can more easily participate in national economic growth—partly through the expansion of remunerative employment—making the fruits of growth more widely shared. All this is in addition to the part that education directly plays in making human lives more worthwhile through broadening one's horizon of thought and experience. Altogether, the essential entitlements to be promoted for eliminating endemic deprivation and undernutrition, thus, include basic health care and elementary education in addition to food as such. They also include other necessities such as clean water, living space and basic sanitation. Sen maintains that much of the debate on liberalization and deregulation is concerned with removing what is diagnosed to be the counterproductive nature of negative operations of the government. This position has

been forcefully presented by the central government and the supporters of the new policies. On the other hand, opposition to these types of reforms tends to come from those who see beneficial consequences of these negative governmental functions. The debate on current policy in India has been preoccupied with this battle.

There are certainly issues to be sorted out in this 'negative' sphere, but what the debate neglects altogether is the importance of positive functions, such as provision of public education, health services, and arrangements for social security. There is scope for debate in this field as well (for example, on how, and how much, and how soon), but nothing is sorted out in these matters by concentrating almost completely on the pros and cons of negative roles of the government (and the corresponding advantages and disadvantages of liberalization and deregulation).

What is needed most of all at this time, according to Sen, is a broadening of focus. In prescribing a remedy to alleviate poverty, Sen draws from the diversity of development experiences among different Indian states. The contrast between Kerala and Uttar Pradesh is of particular interest. These two states are poles apart in the scales of many indicators of well-being, without being very different in terms of the conventional measure of the incidence of poverty. Kerala's success can be traced to the role of public action in promoting a range of social opportunities relating to elementary education, land reform, the role of women in society, and the widespread and equitable provision of health care and other public services. Interestingly, Uttar Pradesh's failure can be plausibly attributed to the public neglect of the very same opportunities.²⁵ The fact that both case studies identify much the same factors of success (in Kerala) and failure (in Uttar Pradesh) is of considerable significance in understanding the diversity of social achievements in different parts of India.

The role of literacy (and particularly of female literacy) in promoting basic capabilities emerges forcefully in both case studies. One of the distinguishing features of Kerala's

²⁵ Jean Dreze and Amartya Sen, *India – Economic Development and Social Opportunity*, Oxford University Press, New Delhi, 1996, p.52.

development experience is the early promotion of literacy, and this feature has led to important social achievements later on, based on the diverse social and personal roles of literacy. In Uttar Pradesh, by contrast, the adult female literacy is still low and this educational backwardness has wide-ranging penalties, including very high mortality and fertility rates.

Another element in social success that clearly emerges from both experiences is the agency of women. Uttar Pradesh has a long history of oppressive gender relations, and even now inequalities between men and women in that part of the country are extraordinarily sharp. As with illiteracy, the suppression of women's active and liberated participation in the country and the society has been a cause of much social backwardness in Uttar Pradesh. In Kerala, by contrast, the position of women in society has been relatively favourable for a long time, and the informed agency of women has played a crucial role in a wide range of social achievements. The expansion of literacy itself owes a great deal to that agency.

The contrast between Uttar Pradesh and Kerala brings out the essential role of well-functioning public services in improving living conditions. The widely divergent levels of well-being in the two states cannot be explained in terms of higher incomes and lower levels of poverty in Kerala (since Uttar Pradesh and Kerala are, in fact, not very different in these respects). Dreze and Sen observe that, if entitlements to basic commodities and services differ so sharply between the two states, it is because of a marked difference in the scope and quality of a wide range of public services such as schooling facilities, basic health care, child immunization, social security arrangements, and public food distribution.²⁶ In Uttar Pradesh, these public services are comprehensively neglected, sometimes even non-existent, especially in rural areas.

The social influence of public action is highlighted by both the case studies, going beyond the initiative of the state and involving the public at large. The early promotion of

²⁶ Jean Dreze and Amartya Sen, *India – Economic Development and Social Opportunity*, Oxford University Press, New Delhi, 1996, p.54.

literacy in Kerela has enabled the public to play an active role in state politics and social affairs in a way that has not happened in Uttar Pradesh. Public action in Kerela has been particularly important in orienting the priorities of the state in the direction of a strong commitment to the promotion of social opportunities. Finally, Uttar Pradesh and Kerela point to the special importance of a particular type of public action — the political organization of deprived sections of the society.

In Kerela, informed political activism —building partly on the achievement of mass literacy — has played a crucial role in the reduction of social inequalities based on caste, gender, and (to some extent) class. Political organization has also been important in enabling disadvantaged groups to take an active part in the general processes of economic development, public action and social change. In Uttar Pradesh, traditional inequalities and social divisions remain extremely powerful, and their persistence hinders many social endeavours. More generally, the concentration of political power in the hands of privileged sections of the society has contributed, perhaps more than anything else, to a severe neglect of the basic needs of disadvantaged groups in state and local politics.

Underlying many of these contrasts is the general importance of politics in the development process. Kerela does, of course, possess some special cultural and historical characteristics, which may have helped its social transformation. But the political process itself has played an extremely important role in Kerela's development experience, supplementing or supplanting these inherited characteristics. This issue, on Dreze and Sen's view, has a strong bearing on the 'replicability' of Kerela's success. Given the role of political movements, there is no reason why Uttar Pradesh and other states of India where basic deprivations remain endemic should not be able to emulate many of Kerela's achievements, based on determined and reasoned political activism.²⁷ Many of the public provisions that have to be made in order to promote basic equality and ensure minimal social security involve *local* public services on Dreze and Sen's perception. A primary school, for instance, is a public facility available to the local community. The same can

²⁷ Jean Dreze and Amartya Sen, India – Economic Development and Social Opportunity, Oxford University Press, New Delhi, 1996, p.106.

be said of primary health care centres, fair price shops, labour-intensive public works schemes, and a whole range of other relevant provisions.

The effective management of these local public services depends crucially on the existence of credible institutions for local governance. Local democracy is a highly neglected institutional base of political participation in India. This weakness of local democracy, rooted in centralized political institutions and deep social inequalities, has played a major role in the comprehensive breakdown of local public services in Uttar Pradesh. And that failure, in turn, is a chief cause of economic and social backwardness in that state.²⁸

The importance of local democracy is not confined, of course to this issue of public services, or other instrumental roles of participatory politics. Participation, on Dreze and Sen's notion, also has intrinsic value for the quality of life. Indeed, being able to do something not only for oneself but also for other members of the society is one of the elementary freedoms which people have reason to value. The popular appeal of many social movements in India confirms that this basic capability is highly valued even among people who lead very deprived lives in material terms.

The inadequacies of local governance in rural India have several roots, which call for distinct responses. First, the weakness of democratic institutions at the village level reflects a long tradition of centralized governance. The historical roots of this go back to the colonial period, when hierarchical centralization was crucial in making it possible for a handful of foreigners to administer a large and potentially rebellious population. But it has been consistently perpetuated by the successive governments of independent India. The flourishing of local participatory politics has been greatly slowed down by low levels of literacy and basic education. Literacy obviously helps people to understand the functioning of the system, to deal with the government bureaucracy, to be aware of their rights, to understand and tackle new problems, and to achieve other abilities that are

²⁸ Jean Dreze and Amartya Sen, *India – Economic Development and Social Opportunity*, Oxford University Press, New Delhi, 1996, p.55.

important for an effective role in local politics. Also, the possibility of decentralizing particular functions of the government (such as some aspects of school management) depends on adequate expertise being available at the local level. Just as more widespread education has enhanced the quality of state-level politics in the more literate states, most notably Kerala, it has also led to more vigorous practice of local democracy in those states.

Local democracy has often been undermined by acute social inequalities. The low involvement of women in local representative institutions such as village panchayats is a clear illustration of this problem. In large parts of the country, local governance is in the hands of upper-caste men from privileged classes, who are only weakly accountable to the community and often end up using local public services as instruments of patronage. In some cases, the rural elite has been known not only to be indifferent to the general promotion of local public services but also to obstruct their expansion, to prevent the empowerment of disadvantaged groups.

Dreze and Sen have sought to explain the reasons behind this. Local democracy in India has been addressed in the form of the 73rd and 74th constitutional amendments (the Panchayati Raj amendments), which require all the state governments to introduce certain legislative measures geared to the revitalization of local representative institutions. The measures in question include mandatory elections at regular intervals, reservation of seats in village panchayats for women and members of scheduled castes or tribes, and some devolution of government responsibilities to local authorities. These legislative reforms certainly provide an opportunity for correcting the current failures of local governance in rural India. Nevertheless, it would be naïve to expect too much from them unless the other causes of this problem are also addressed. The recent legislative reforms hold much promise, but their actual success depends a great deal on other types of public action. If these reforms are not supplemented with a more active programme of social change, they stand in some danger of leading to a proliferation of bureaucracy without any real improvement in local democracy. On the other side, if they go hand in hand with an expansion of public initiatives and social movements aimed at more widespread literacy,

a stronger political organization of disadvantaged groups, and a more vigorous challenge to social inequalities, they would represent a real opportunity to transform village politics in rural India.

Clearly, the poor suffer from varieties of unfreedoms. Starvation and undernutrition, deny to millions the basic freedom to survive. Also, large numbers of vulnerable human beings have little access to health care, to sanitary arrangements or to clean water, and spend their lives fighting unnecessary morbidity, often succumbing to premature mortality. The analysis of poverty by Amartya Sen treats freedoms of individuals as the basic building blocks. Attention is thus paid particularly to the expansion of the “capabilities” of persons to lead the kind of lives they value — and have reason to value. These capabilities can be enhanced by public policy, but also, on the other side, the direction of public policy can be influenced by the effective use of participatory capabilities by the public.

The two-way relationship is central to the analysis presented here. The presence of massive unemployment in India entails deprivations that are not well reflected in income distribution statistics. Unemployment on Sen’s view is not merely a deficiency of income that can be made through transfers by the state (at heavy fiscal cost that can itself be a very serious burden); it is also a source of far-reaching debilitating effects on individual freedom, initiative, and skills. Among its manifold effects, unemployment contributes to the ‘social exclusion’ of some groups, and it leads to losses of self-reliance, self-confidence and psychological and physical health.²⁹

Altogether, Sen seeks to question the relative importance that is attached to poverty in a very narrow domain, viz., *income inequality*. This narrowness has the effect of contributing to the neglect of other ways of seeing inequality and equity, which has far-reaching bearing on the making of public policy. Policy debates have indeed been distorted by over-emphasis on income poverty and income inequality, to the neglect of deprivations that relate to other variables, such as unemployment, ill health, lack of education, and social exclusion. As was evident in the discussion, both descriptive and

²⁹ Amartya Sen, Development As Freedom, Oxford University Press, New Delhi, 2002, p.20.

policy issues can be addressed through the broader perspective on poverty in terms of capability deprivation. What could also be effectively culled out is that the issue of public discussion and social participation is central to the making of policy in a democratic framework. The use of democratic prerogatives — both political liberties and civil rights — is a crucial part of the exercise of economic policy making itself, in addition to other roles it may have. The participatory freedoms cannot but be central to public policy analysis in a freedom-oriented approach.

II

Drawing a preliminary, crude map of Amartya Sen's intellectual trajectory and the territory he has sought to make his conceptual domain over, it is suggested here that Sen has founded a new branch of the human science of development. His prescription for the amelioration of poverty follows this thinking and focuses on capability deprivation. The winner of the 1998 Nobel Memorial Prize in Economic Science, Sen has changed the way economists think about such issues as collective decision-making, welfare economics and measuring poverty. He has pioneered the use of economic tools to highlight gender inequality, and he has helped the United Nations devise its Human Development Index — today the most widely used measure of how well nations meet basic social needs. The concept has been brought to the surface only recently by the UNDP in its Human Development Report (HDR) 1990. It broadly focuses on the overall human well-being. Human development presently assumes importance as several studies reveal that income alone is not always a satisfactory measure of welfare, whereas human development takes account of income as well as quality of life factors such as education, health, etc. The level of human development of a region, therefore, reveals how the income is put to use and how people actually live.

In this backdrop, where poverty is seen as an unfreedom, failure of exchange entitlements and denial of human capabilities, it would be useful to examine its relevance to the policies for alleviating poverty in India. This section is an attempt in this very direction.

More than anything, Sen is known for his work on famine. He asserts that famines do not occur in democracies because democratic governments have to win elections and face public criticism, and have strong initiative to undertake measures to avert famines and other catastrophes. However, in India, there are growing reports of starvation. In drought-ravaged states like Rajasthan in the west and the Kalahandi region in Orissa in the east, many families have been reduced to eating bark and grass to stay alive. Already thousands may have died. This is occurring against a backdrop of endemic hunger and malnutrition. About 350 million of India's one billion people go to bed hungry every night, and half of all Indian children are malnourished.

Meanwhile, the country is awash in grain, with the government sitting on a surplus of more than 50 million tons. Such want amid such plenty has generated public protests, critical editorials and an appeal to India's Supreme Court to force the government to use its surpluses to feed the hungry. All this has raised new questions about Sen's famous thesis. Sen contrasts 'food availability decline' and 'failure of exchange entitlement' as the two possible causes of famine. But, according to Prabhat Patnaik, could it be that these immediate causes may themselves be the outcome of underlying processes.

Patnaik avers that the Bengal famine can be traced to the process of India's integration into the world economy as a primary commodity exporter: this process, through a number of channels, affected food production adversely, and, in the case of Bengal, resulted in a decline in per capita food output over a long period which prepared the soil for the famine.³⁰ Even for the African countries, claims Patnaik, the undermining of domestic food production in an effort to push agri-exports, which has been a fallout of the imposition of 'structural adjustment', has been held responsible for the recent famines. The point is not whether these issues are right or wrong. The point is that the whole terrain of discourse in Sen excludes all such issues, indeed all considerations of processes and long-term trends as if they did not matter.

³⁰ Prabhat Patnaik, 'Amartya Sen and the Theory of Public Action', Economic and Political Weekly, 1998, Vol. XXXIII, No. 45.

However it is important to note that while starvation is widespread in India, the toll was nowhere near the hundreds of thousands that constitute a famine. Also, Sen vividly distinguishes between starvation and famines — “famines imply starvation, but not vice versa. And starvation implies poverty, but not vice versa.....It is possible for poverty to exist, and be regarded as acute, even when no serious starvation occurs. Starvation, on the other hand, does imply poverty, since absolute dispossession that characterizes starvation is more than sufficient to be diagnosed as poverty, no matter what story emerges from the view of relative deprivation.”³¹ India’s huge food stocks reflect the power of the farm lobby. It has pressed the government to buy grain at even higher prices, making bread and other staples more and more expensive.

To help the hungry, the government has a national network of ration shops, but they have been undermined by widespread corruption and distribution bottlenecks. Also, the government, under pressure from the World Bank and other institutions, has reduced its once generous food subsidy. According to Sen, while democracies provide opportunities for public agitation to redress injustices, the occurrence of starvation deaths also highlight how India has poorly done in meeting basic social needs. Thus, Sen urges one to distinguish between the role of democracy in preventing famine and the comparative ineffectiveness of democracy in preventing regular undernourishment. Also the Chinese famine of 1958 to 1961, prompted Sen to ascribe the existence of famine in China to the absence of free press and opposition parties and that the presence of democracy in India was largely responsible in averting famines.

Prabhat Patnaik avers that Sen has argued that liberalization would be beneficial provided land reforms, the provision of basic health and education facilities, etc., are undertaken. Thus, Sen, instead of opposing liberalization, is of the view that we should be arguing additionally for the latter kinds of reforms as the condition for the success of liberalization. The problem, however, according to Patnaik is that liberalization is a process, a particular direction of movement of the economy that is fundamentally opposed to the direction of the egalitarian reforms Sen advocates. If the development

³¹ Amartya Sen, Poverty and Famines, Oxford University Press, New Delhi, 2001, p. 39.

strategy is to be based on enticing multinational corporations and domestic capitalists to undertake larger investment in the domestic economy, then, argues Patnaik, this very choice of direction imposes constraints on the ability of the state to raise resources for undertaking the kinds of expenditure that Sen advocates.

By the same token if a state were to honestly implement the programme approved of by Sen, then willy-nilly it would have to take a series of steps, one following from another, that would reverse the direction of the economy away from liberalization. Any support for liberalization, therefore, makes the adoption of the very programme advocated by Sen that much more difficult. This programme has to be fought in opposition to, not in combination with, liberalization.³² From the fact that Sen has written repeatedly about the need for public action to help the disadvantaged, some have jumped to the conclusion that Sen does not appreciate the role of the market and of incentives. But this, like the previous assertion that Sen's prescription for poverty alleviation runs contrary to his acceptance of liberalization, is false.

The approach to poverty as capability deprivation and failure of exchange entitlements is not opposed to liberalization. In fact, Sen opines, that the enhancement of human capabilities in the form of basic education, health care etc., is not only intrinsically important (in that it makes the person more aware, enhances his quality of life), but is also of instrumental importance (in that, it enables a person to avail of the advantages ushered in by liberalization). Vividly, one can see a synergetic relationship between Sen's understanding of poverty and liberalization.

Sen's contribution is celebrated in the arena of welfare economics, including in particular the theory of social choice. Sen's entering this area reflects one of his abiding characteristics namely, a determination to pursue his own intellectual agenda irrespective of whether the areas he enters are considered 'fashionable' at the time. Sen's crusading zeal in the cause of eliminating hunger, poverty, and illiteracy, and defending democracy

³² Prabhat Patnaik, 'Amartya Sen and the Theory of Public Action', Economic and Political Weekly, 1998, Vol. XXXIII, No. 45.

is evident in his work. Sen has steered clear of an analysis of poverty, which seeks to ground it solely on income deprivation.

He argues that, in fact, there are two distinct —and in principle separable — causes underlying the dissonance between GNP and achievements of quality of life. First, the GNP gives a measure of the aggregate opulence of the economy, and the translation of this into the pattern of individual prosperity would depend also on the distribution of income over the population. The capabilities enjoyed by the people depend on many factors other than the command over commodities that can be purchased in the market. Among such factors, public provisions made by the state for health, education, sanitation, etc. are especially important.

While Sen recognizes the dissonance, he does not dismiss GNP altogether. There are, in fact, good reasons for expecting a positive general association between GNP and nutrition-related capabilities. This is partly because the increased incomes associated with greater general affluence do indeed offer the opportunity to buy a number of commodities that are *inter alia* crucially important for nutrition-related capabilities, the most notable of which is, of course, food itself. But, in addition, a higher GNP per capita enlarges the material base for public support in areas such as health care and education, and generally facilitates the provision of social security to the more vulnerable sections of society.

Sen has challenged the basic utilitarian approach of mainstream economics, and in going beyond, has focused instead on freedom and capabilities. To him poverty is capability deprivation (in terms of some of the basic functionings in life), and development is expansion of freedom (which, of course, includes the removal of poverty as well as tyranny). He has developed measures of poverty and inequality that are sensitive to these broader issues. Altogether, Sen has widened the debate on poverty by examining it in its multi-dimensionality — poverty is not just an issue of economic inequality, but also encompasses the vital question of deprivation of human capabilities.

Conclusion

In the light of the persistence of poverty amid unprecedented opulence in India, I identified two issues that needed probing. The first pertained to the viability of a uni-dimensional perspective of looking at poverty as income deprivation. The second issue was about the significance of adducing a multidimensional perspective to ameliorating poverty in India, one that lends credence to capability poverty as well.

The first and the second chapter addressed the first issue and the following conclusions were reached. We found that the pursuit of elusive present day Western standards and per capita income levels, which cannot be reached even over the course of the next century, must be replaced by the concept of development of human capabilities. The old strategy was based on the assumption that poverty can be taken care of through high growth rates, which will eventually filter down to the masses. In this strategy high growth rates are always better than low growth rates and distribution can be taken care of after growth is achieved. Both these premises have proved bankrupt by now. GNP measurements, unfortunately, do not register social satisfaction.

It follows that the problem of development must be redefined as a selective attack on the worst forms of poverty. Development goals should be expressed in terms of the progressive reduction and eventual elimination of malnutrition, disease, illiteracy, squalor, unemployment and inequalities. We were taught to take care of our GNP, since this would take care of poverty. Let us reverse this and take care of poverty first, since GNP can take care of itself, for it is only a convenient summation, and not a motivation, for human efforts. It also follows that the concerns for more production and better distribution should be brought together and not treated separately. This invariably means that employment should be treated as a primary, not a secondary, objective of development since it is the most powerful means of redistributing income in a poor society. Development styles should be such as to build development around people rather than people around development.

The third chapter examined the policies to alleviate poverty in India, tracing them through the years of development planning to the era of economic reforms. Through the discourse, it is vivid that the policy makers sought to ground poverty within the bracket of income deprivation only. Also, it was learnt that the need of the hour is not to question the ineffectiveness of centralized planning or to debunk liberalization altogether. What is needed in governance that is predicated on a symbiotic relationship between the state and the market.

The fourth chapter raised the question of the significance of Amartya Sen's understanding — a human development approach, to the analysis of poverty in India. The central issue, however, is not the moderate performance in overall economic growth. Rather, it is a question of the preparedness of the country for large-scale participatory growth. The year-to year growth of GNP and GDP can, quite possibly, move up rapidly, but the country remains handicapped economically and socially by its overwhelming illiteracy, backwardness in health care, and other crucial deprivations. The hesitancy of the overall growth rate may well be cured soon enough, but these limitations would still continue to restrain the participatory possibilities of the growth process. As was argued earlier, the cage that keeps the Indian economy well tamed is not only the bureaucracy and governmental overactivity, but also that of illiteracy, undernourishment, ill health, and social inequalities, and their causal antecedents: governmental neglect and public apathy.

This recognition does not entail a dismissal of the diagnosis of bureaucratic overactivity, or a disputation of the need for basic economic reforms. In this monograph we have tried to argue for a broader view of economic development, which has to be seen in terms of expanding social opportunities. While the removal of barriers to using markets can significantly enhance such opportunities, the practical usability of these opportunities requires the sharing of certain basic capabilities — including those associated particularly with literacy and education (and also those connected with basic health, social security, gender equality, land rights, local democracy). The rapid expansion of these capabilities depends crucially on public action of a kind that has been severely neglected in India —

both before and after the recent reforms. While India has a highly developed — if overextended — higher education sector (sending nearly six times as many people to the universities and institutions of higher learning as China does, compared with its population), it remains one of the most backward countries in the world in terms of elementary education. Its literacy rates are low in the Asian context though higher in comparison with its like-minded neighbours, (Pakistan and Bangladesh), and they are well behind the achievements of the more forward-looking countries in sub-Saharan Africa.

This diagnosis is not concerned primarily with the overall rate of growth of GNP per head, even though it is hard to assume that illiteracy and ill health are not barriers to achieving high economic performance. India has had comparatively high rates of growth of per capita GNP in the eighties (before the reforms), and can achieve that again — and much more — in the future. The overall growth rate can be pushed up by rapid expansion of some favourably placed sectors. It is also quite possible, as many commentators have argued, that the slowness of the economic reforms is holding things up, and that a quickening of essential reforms would speed up the average growth rate of the Indian economy.

Global forces for development — expanding markets, advancing technology, spreading democracy — are benefiting large parts of the world. But they are also bypassing hundreds of millions of the world's poorest people. There are many reasons economic development continues to bypass many of the world's poorest people and places. One common reason is poor governance. When governments are corrupt, incompetent or unaccountable to their citizens, national economies falter. When income inequality is very high, rich people often control the political system and simply neglect poor people, forestalling broadly based development. Similarly, if governments fail to invest adequately in the health and education of their people, economic growth will eventually peter out because of an insufficient number of healthy, skilled workers. Without sound governance — in terms of economic policies, human rights, well-functioning institutions and democratic political participation — no country with low human development can

expect long-term success in its development efforts or expanded support from donor countries. The message is simple: escaping poverty traps requires countries to reach certain critical thresholds — of health, education, infrastructure and governance — that will permit them to achieve takeoff to sustained economic growth and development.

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