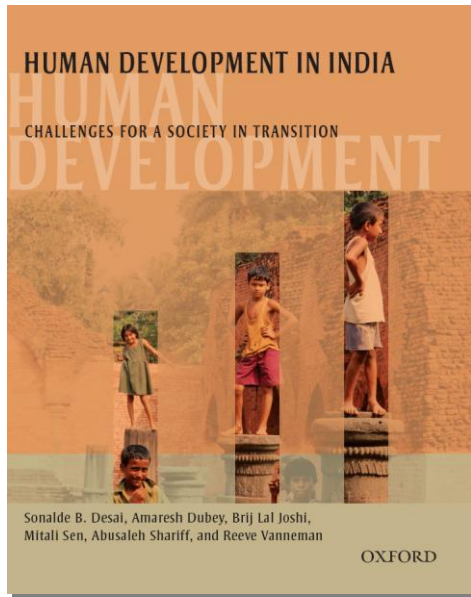


Rapid Transformation of Indian Economy has not been Matched by Social Transformation and Improvement in Public Services



Researchers from NCAER and University of Maryland recently released a report titled *Human Development in India: Challenges for a Society in Transition*. This report is published by the Oxford University Press.

India's rapid economic expansion has raised global interest in its complex society. This report highlights how poverty and affluence intersect with age-old divisions of regional inequalities, gender, caste, and religion that have long structured human

development in India. Together, these economic and social forces shape every facet of Indians' lives—their children's education, health and medical care, the creation of new families, the care of older generations, and their entry into, or exclusion from, important social connections. Results from the India Human Development Survey (IHDS) of 41,554 households will inform a wide range of contemporary debates and policy challenges.

Results presented in the report highlight three issues:

1. **Persistent Social Inequalities:** In spite of the rapid transformation of the Indian economy, social inequalities based on caste, ethnicity and religion persist. Dalits and adivasis are at the bottom of most indicators, Muslims and OBCs in the middle and forward caste Hindus and other minority religions at the top. These positions are not immutable, for example, when it comes to education, Muslims are as disadvantaged as dalits and adivasis, although their economic well-being is more on par with that of OBCs. As if inequalities in the parental generation were not enough, future generations seem doomed to replicate these inequalities since dalit, adivasi and

Muslim children seemed to be left out of skill acquisition and are far less likely to be able to read and perform basic arithmetic operations than other children.

The report also indicates sharp gender inequalities with extremely low rates of female labour force participation. Education fails to reduce these differences, with women's labour force disadvantage growing rather than reducing with primary education. When women are in the labour force, they tend to work mostly on family farms or caring for livestock. Even when women engage in paid work, their daily income is only 53 paise per rupee earned by men in rural areas and 68 paise in urban areas. Women's economic vulnerability is compounded by their social vulnerability

2. **Spatial Disparities:** This report documents particularly high urban advantage in human development in the six metropolitan areas—Mumbai, New Delhi, Bangalore, Kolkata, Chennai, and Hyderabad—compared with second- and third-tier cities. Similarly, the rural disadvantage is particularly sharp in the least-developed villages. Indians in metropolitan areas seem to live in a totally different universe from their brothers' and sisters' in the least-developed villages: they have higher household incomes; a higher proportion of adults who speak English fluently (16% vs. 2% for males) and have some computing skills (19% vs. 2%); and have a cell phone in the household (24% vs. 1%).

One of the most striking results in this report is the large state difference in almost all indicators of human development. Infant mortality rates in Kerala (estimated at 9 per thousand) rival those of developed countries; in contrast, those in Uttar Pradesh (estimated at 80 per thousand) are substantially higher. Similarly female literacy rates in the Northeast are 81%, about twice the rate in Rajasthan.

3. **Lack of Public Services:** This report documents the poverty of service delivery in many institutions. Water and electricity remain irregular: 43% of households with electric connections do not have electricity at least 18 hours per day; 63% of households with piped water do not get water at least 3 hours per day. Teacher absenteeism in government schools is rampant, and almost a third of children in these schools report having been beaten or pinched in the preceding month. Barely half of children aged 8–11 can read a simple paragraph, and less than half can do two-digit subtractions. About 1 in 6 of the government health centres visited for the report had dirty walls and about 1 in 7 had dirty floors. The doctor/director was

absent at the time of the visit in almost one-quarter of the visits. Not surprisingly, government services remain underutilized. The vast majority of sick people, even the poor, rely on private health care. Enrolments in private schools are rapidly rising, even in rural areas.

In a seminar on March 26 discussing this report, one of the authors, **Dr. Sonalde Desai** (Senior Fellow, NCAER and Professor of Sociology at University of Maryland) highlighted the failure of the public service delivery system and noted that there is no reason why public services to the poor be of poor quality. When half the children cannot read or subtract, it is not surprising that parents try to improve their children's lives by enrolling them in private tuitions or private schools. However, even private sector often provides poor quality education and the middle class flight from government schools reduces the quality of education for the remaining children. Moreover, it is difficult to see private sector as the primary solution to problems of school quality since private sector seems to be stronger in areas with strong government services.

Mr. Suman K. Bery, Director General of NCAER, noted that this report is based on one of the flagship surveys of NCAER, India Human Development Survey of 2004-5 which interviewed 41,554 households nationwide to help us understand how poverty and affluence intersect with age-old social divisions to shape the daily lives of ordinary Indians.

Professor Abhijit Sen, Member, Planning Commission, in his keynote address noted the importance of such empirically based reports in shaping approaches to evidence-based policy design and noted that unlike large government surveys, the inclusion of sociologists in the research team lent a unique dimension to this report which is reflected in its attention to the quality of public services and structure of service delivery.

Dr. Pronab Sen, Chief Statistician of India, in his forward to this report notes, that even in an era of rapid economic growth, the processes that have shaped inequalities in the country along gender, caste, and religious lines continue to persist. Addressing these inequalities is going to be a challenge in the coming decade and the data in this volume will provide a useful supplementary input for policy dialogue.

NCAER:

The National Council of Applied Economic Research (NCAER) was founded in 1956 as an independent, board-run body to give support to both the government and the private sector in empirical economic research. NCAER's research programme is organized into four broad areas: Growth, Trade, and Economic Management; Investment Climate, Physical and Economic Infrastructure; Agriculture, Rural Development, and Resource Management; and Household Behavior, Poverty, Human Development, Informality, and Gender. A broad theme that permeates the Council's current research activities is the progress of India's economic reform programme and its impact on agriculture, industry and human development. An emerging focus is rigorous evaluation of major government public expenditure schemes in the social sector, at both state and Union levels, and the impact of globalization on gender and the informal sector.

University of Maryland:

Sociologists from University of Maryland have been involved from the beginning with the design and conduct of this research and collaborated actively with researchers from NCAER in writing this report. This work was supported by two grants from the U.S. National Institute of Child Health and Human Development to University of Maryland.

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