
More Development Gains or More Development Gimmick?

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Abstract

This paper focuses on the progress of India in terms of achievement of Millennium Development Goals (MDG's) since the 1980's. The paper shows the rural and urban development of the country using 'development radars'. It also analyses the outcomes of the major initiatives taken by the country for development purposes. Suggestion for enhanced development in the country are put forward, offering a more effective implemented as they are more economical and of a progressive nature. The role of society, government and the corporate sector in the development and achievement of social and economic goals are also discussed. An ESAU reader is developed for speedier analysis of any development factor having a contribution to the development process.

Keywords

Development radar, economic attainment, social attainment; India

INTRODUCTION

The process of development, in any society, should ideally be viewed and assessed in terms of what it does for an average individual. It has to be seen in terms of the benefits and opportunities that it generates for people and how these are eventually distributed between men and women, the well off and relatively deprived and across the regions. Experience shows that often there is no direct correspondence between economic attainments of a society and the quality of life. Regions and nations with high levels of income and economic growth need not necessarily have similar social attainments. These will be desirable not only in themselves but also because of their role in supporting better opportunities for people. It becomes necessary therefore, to have a framework and evolve development strategies that forge and strengthen the link between the two and encourage the most effective and efficient use of available resources for furthering the well-being of the general population. For any approach or development framework to be meaningful and effective in directing public policies and programs it has to be anchored in a social context. More importantly, it should reflect the values and development priorities of the society where it is applied. It is therefore necessary for countries like India to develop a contextually relevant approach to achieve millennium development, identify and devise appropriate indicators to help formulate and monitor public policy. This is more so keeping in view many unique concerns and development priorities, in some sense tied with India's stage of development, as well as her social and economic diversity. This paper focuses upon the issues in India and the possible solutions that can be used for the development process.

DEVELOPED AND DEVELOPING COUNTRY MODELS FOR MDGs

Achieving MDGs is not easy if Goal 8 (*Develop a global partnership for development*) is not achieved. For a developing country it's very important to take lessons from developed countries for their better development and partnership for progress.

Developing Countries

The lessons of research and experience have produced a broad consensus on an effective strategy for development, one that is country-owned and country-led, promotes growth, and ensures that poor people participate in it and benefit from it and that produces maximum progress toward the MDG. The strategy has two interlinked and mutually reinforcing facets:

- (a) The need for a good enabling climate for economic activity; one that encourages private firms and farms to invest, create jobs, and increase productivity; and
- (b) The need for empowerment of and investment in poorer sections of the population.

Improvements in the enabling economic climate spur growth but also expand opportunities for the poor. Empowerment of poor men and women through improved access to education and health fosters social inclusion but also promotes growth through stronger participation of these groups in economic activity.

Enabling Economic Climate

This focuses on the process of growth, and is concerned with improving the environment for entrepreneurship, investment and innovation by the private sector, the main engine of growth in an economy. A good economic climate not only spurs domestic economic activity, but is also the most important determinant of inflows of foreign investment. An enabling climate is a function of several policy elements, the main ones being:

1. Sound macroeconomic policies

Sustainable fiscal, monetary, and exchange rate policies and prudent debt management are key to generating sustainable economic growth with low inflation and instilling investor confidence. Good macroeconomic policies also play an important role in averting the high costs imposed by financial crises in terms of lost output and increased poverty. Emerging market countries in particular need to maintain policies that sustain investor confidence and avoid the risk of capital flight.

2. Investing in Poor People

The second facet of the development strategy is concerned with increasing the capabilities of poor people, by enabling their access to key public services, and fostering social inclusion:

- Better access of the poor to education and health care and better quality of these services, are critical to expanding opportunities for them to improve their well-being. This calls for allocating adequate public resources to spending on human capital development and, equally importantly, improving public sector management and governance, including building the capacity of related institutions, to ensure the effective delivery of these services to the poor.
- Also important is access by the poor to social protection well-targeted safety nets that mitigate

risks faced by the poor and vulnerable, arising from unforeseen shocks or the initial social costs of elements of policy reform.

- The effectiveness of a strategy to empower and invest in the poor depends to an important degree on mechanisms that foster participation by the poor in decisions that affect them.
- Cutting across this agenda is the empowerment of women by removing barriers to their fuller participation in the development process.

3. Environmental Sustainability

Both the investment climate and empowerment of the poor have environmental dimensions. The goal of environmental sustainability requires that the principles of sustainable development be fully integrated in economic policies. Environmental concerns are addressed through an agenda similar to that outlined above, spanning policies that generate the right incentives for private agents (using and creating markets, through instruments such as taxes, user charges, concessions, tradable permits), regulation (particularly for toxic substances or where market-based instruments are impractical), capable institutions, and engagement of the public.

4. Policy Clusters

It is clear from the foregoing discussion that the attainment of the MDGs and related development outcomes will depend on progress in developing countries across a broad range of policies. The implied policy agenda can be classified into four policy clusters economic and financial policies, public sector governance, social sector policies, and environmental policies a breakdown that also permits the use of the Bank's Country Policy and Institutional Assessments (CPIAs) that rate individual country performance in key policy areas on the basis of staff assessments

5. Country Focus

The different elements of the policy agenda need to come together at the country level within coherent overall country strategies for sustainable growth and poverty reduction, which are responsive to local conditions and priorities and are nationally owned. For low-income countries, the PRSP (*Poverty Reduction Strategy Paper*) is the primary expression of such a strategy. For middle-income countries, the country development strategies and priorities are set out in respective national strategy documents. It is through integrated country development strategies that priorities are determined and coherence achieved. And country ownership and leadership of the development strategy are crucial; indeed, an overarching lesson of research and experience has been that they are vital to effective implementation and achievement of results.

Developed Countries

As recognized in the MDG number 8 (which calls for a global partnership for development), the attainment of the agreed development outcomes will require, in addition to stronger reform actions on the part of developing countries themselves, enhanced support from their developed country partners. The latter help when their macroeconomic policies contribute to stability and growth in the world economy.

1. Macroeconomic Policies

As developing countries become more integrated into the world economy, developments in these countries are increasingly affected by external influences, particularly economic conditions in the

advanced countries. These influences are channelled principally through the impact on trade and capital flows. Growth in developing countries cannot thrive if the world economy is not robust. It is estimated that a 1 percent reduction in output growth in G7 countries has on average been associated with a 0.4 percent reduction in developing country growth. Advanced country macroeconomic policies that are supportive of a stable and growing world economy, therefore, make an important contribution to progress toward the desired development outcomes in developing countries.

2. Trade

Increased access to the markets of developed countries is critical to the development of poor countries. Many developing countries that have opened their trade regimes are prevented from reaping the benefits because of the market access barriers imposed by developed countries, especially on agriculture, textiles and clothing, which are labor-intensive sectors where developing countries typically have a comparative advantage. Agricultural subsidies in developed countries amount to more than \$300 billion a year, roughly six times total official aid to poor countries. These subsidies hurt growth in agriculture, where the concentration of the poor in developing countries is highest. Tariffs and quotas on textile exports to developed countries cost developing countries an estimated 27 million jobs. Escalating tariffs frustrate efforts by poor countries to diversify their economies and move up the technology ladder. In addition to the removal of barriers to trade in goods, large gains could flow from liberalization of trade in services.

3. Aid

Reaching the MDGs will require more and better donor assistance. On some estimates, additional official development assistance (ODA) on the order of \$50 billion per year will be necessary, roughly double the ODA volume in recent years, coupled with continued improvements in the effectiveness with which aid is used. The increase actually needed could turn out to be still greater. A major factor influencing whether aid is effective is of course the recipient country's own policies hence the focus on developing-country actions, including sound macroeconomic management, structural reform, and improved institutions and governance.

4. Debt Relief

For the highly indebted poor countries, supported by the enhanced HIPC initiative, alleviation of their crippling debt burdens is essential to enable them to allocate more resources to social spending and other programs to reduce poverty and accelerate growth, underscoring the importance of continued progress on this initiative. If these countries are to avoid slipping back into unsustainable debt positions, they will have to continue to strengthen their policies to promote increased efficiency in resource use and stronger economic growth, and new external assistance will have to be provided on appropriately concessional terms.

5. Global Public Goods

Alongside expanded assistance to developing countries that are making progress on reform, developed countries need to step up action in support of key global public goods. In some areas, notably the prevention and treatment of infectious and communicable diseases, especially HIV/AIDS, investment in global public goods will provide essential support for national programs. Major issues relating to the global environmental common mitigation of global

warming (tropical countries are particularly vulnerable to climate change and environmental degradation), preservation of biodiversity also call for stepped-up efforts at the global level. Developed countries have a special contribution to make to protect the global environment, as they dominate energy use and are the largest consumers of most natural resources and the largest producers of most pollutants. Of course, developing countries also need to play their part in this global public goods agenda, including through increased regional cooperation among themselves that aid donors should support. Efforts to strengthen the international financial architecture through improved crisis prevention and resolution and avoidance of contagion between countries can enhance international financial stability to the benefit of developed and developing countries alike.

STATE OF HUMAN DEVELOPMENT IN INDIA

Overall, human development as reflected in the HDI (Human Development Index) has improved significantly between 1980 and 2001. At the national level, during the 1980s the index has improved by nearly 26 per cent and by another 24 per cent during the 1990s. There has been an improvement both in rural and urban areas. Although the rural-urban gap in the level of human development continues to be significant, it has declined during the period. Inequalities across States on the HDI are less than the income inequality as reflected in the per capita State Domestic Product. Inequalities across States on the HDI are less than the income inequality as at the State level, there are wide disparities in the level of human development. In the early eighties, States like Bihar, Uttar Pradesh, Madhya Pradesh, Rajasthan and Orissa had HDI close to just half that of Kerala's. The situation has improved since then. Besides Kerala, among the major States, Punjab, Tamil Nadu, Maharashtra and Haryana have done well on the HDI. In general, HDI is better in smaller States and Union Territories. In terms of the pace of development, Tamil Nadu, Rajasthan, Madhya Pradesh, West Bengal and Bihar improved their HDI significantly in the eighties. However, in the nineties the momentum was maintained, from among these States, only in case of Rajasthan, Madhya Pradesh and Uttar Pradesh. It turns out that the economically less developed States are also the States with low HDI. Similarly, the economically better off States are also the ones with relatively better performance on HDI. In this category of States, some States like Kerala have high attainments on HDI, at the same time; there are States like Andhra Pradesh or even West Bengal where HDI values are not as high. Allocation of adequate public resources for furthering human development alone is not enough. It is equally important to use them efficiently and effectively. Human attainments appear to be better and more sustained in those parts of the country where there is social mobilization for human development, and where female literacy and empowerment encourages women to have a say in the decision making process at the household level.

MDG ANALYZER

The MDG analyzer is designed based upon following three Factors:

Longevity – Ability to live long and healthy life

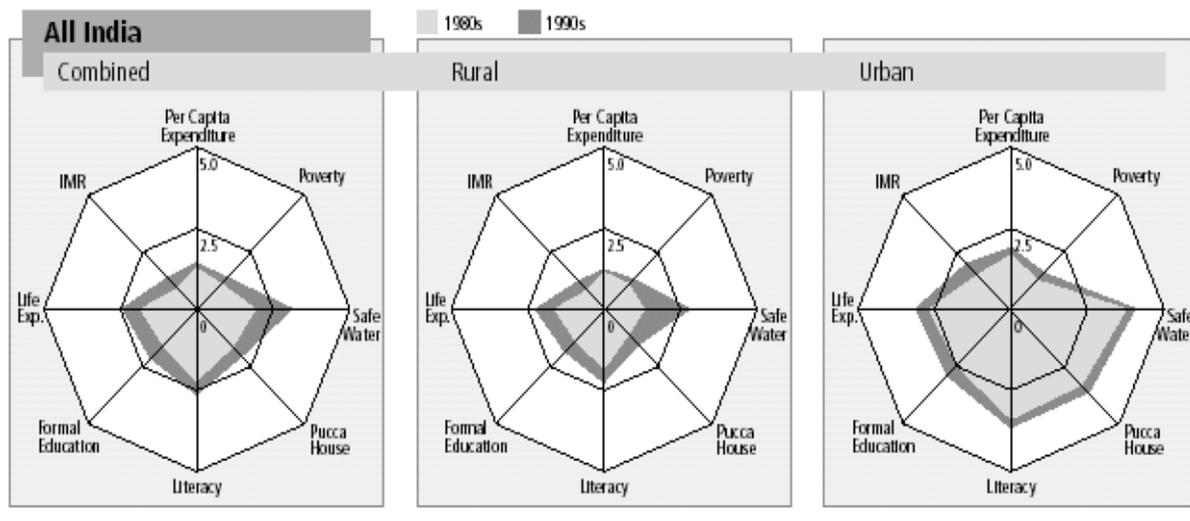
Education – The ability to read, write and acquire knowledge

Command over resources – Ability to enjoy a decent standard of living and have socially meaningful life

These factors provide a basis for understanding the development radars. Development radars are the diagrammatic representation of the changing contribution of various factors to socio-economic growth in India.

Development Radar

- Per capita consumption expenditure
- Incidence of poverty as captured by the head count ratio,
- Access to safe drinking water
- Proportion of households with *pucca* (Concrete) houses
- Literacy rate for the age group 7 years and above
- Intensity of formal education (indicator based on weighted enrolments in successive classes adjusted for non enrolled children in the age group 6-18 years)
- Life expectancy at age 1 and infant mortality rates.



The scaled 'least' achievement corresponds to 0 whereas the 'best' achievement is closer to 5. The norms are self selecting, as for instance, is the case with 'incidence of poverty' or 'access to safe drinking water' or 'literacy rate', and in some others like 'per capita consumption expenditure' or even 'infant mortality rate', there is an element of value judgment. The greater the shaded area of any indicator the better is the attainment on that indicator. The more symmetrical the shaded portion of the radar, the more balanced is the attainment for the different dimensions of well-being and hence, development for the country. The above sketch provides an overall picture of the status of India in the 1980 to 1990's.

The increasing availability of employment opportunity is found to increase the per capita expenditure figure but only in the urban section of the society. Every year government receives and spends billions of rupees in planning the development aspect of the country but the funds are

still primarily benefiting the implementers rather than finding their way into the budgets of the designated development projects. This siphoning off of funds in India has increased corruption and become a major reason for continued high levels of illiteracy and low standards of living in many areas. The best example of poor development at State level, in India is Bihar. Bihar though considered to be flushed with resources, due to individual interest of politicians and local terrorists has not benefited from development. Many people travel from Bihar to other states of India in search of secure work and a secure place to live. Thus it is essential for the country to look at this matter very seriously as a key issue leading to a lack of exploitation of development opportunities in Bihar.

INDIA SHINING OR BURNING CAMPAIGNING – A POLITICAL GIMMICK

- Education Drive
- Employment Drive
- Stable Economy
- Poverty reduction
- Health Improvement
- Stable and Flourishing Environment

Above were some of the statements of a political party in recent elections as a means to obtain votes. It impressed voters and investors until the truth came out. Suicide attempts and deaths of poor farmers due to non-cooperation by representatives of the political party who refused to provide promised direct monetary and farm aid related to losses due to drought. In the face of growing public opposition the party concerned lost the next election. Similar promises of free electricity were never financially feasible nor were they delivered.

Whilst promises were broken, at least these issues were brought into the political domain. Similar initiatives, not tainted by pure electioneering need to be addressed:

Win Your Education (Goal 2: Achieve Universal Primary education)

Traditionally the upper layers of these caste classes have developed in terms of education and have captured good employment opportunities, reinforcing their economic dominance. However general literacy levels are improving to a certain extent - almost 62%. Some educational institutions are designed in a manner to provide education to the most deprived classes of the country. In India people are divided on the basis of the caste to which they belong. Recently Many people from lower caste communities have got the best of the education at the cost of higher-class caste children who have not gained admission to courses due to lower academic grades. However, this has not helped those people who belong to low-income groups of the both the higher and lower class caste people. The economic development is constrained to those who can most acquire its benefits, namely the wealthier segments of all classes.

In order to promote more equal opportunity for all, the government should offer education on basis of merits for all classes of people. This will be a contentious issue. Free education to all for low-income group people is a possible solution, but will only work if such people are motivated to attend. One solution would be to provide food and other basic necessities (*Mid Day Meal Program*), which they almost always lack. This is a program that can be

implemented to educate each and every individual of the poor family, which will definitely help them to shape better life and generate improved employment opportunities.

Health camps (Goal 4 & 5,6: Reduce Child Mortality, improve maternal health & eradicate HIV/AIDS)

Health related diseases are increasing, mainly due to unhealthy drinking water, HIV/AIDS, malaria and many other non-curable diseases like cancer. This is particularly acute in the rural parts of the country. Weekly medical camps would generate increased awareness of medical health amongst the public. Stress on projects like Sulabh Shauchalya (Toilets), Swajal (Water generation project) etc. Provide free medical access to child and mother health care centre. Create awareness about immunisation, HIV/AIDS, cancer and related diseases.

Corporate social responsibility (Goal 7: Ensure environmental Sustainability)

The corporate sector is the pillar of any country and a source of wealth creation for local people. Thus along with government, the corporate sector has also started developing their social image in the eyes of the society by conducting social programs at both rural and village level. This is an important potential generator for the enhanced improvement of literacy and self-independence among the local communities.

Generating employment opportunities (Goal 3: Improve gender equality & empower women)

Unemployment rates are significantly higher in rural India than in urban areas. Hence small-scale industries in villages should be encouraged to promote new avenues of employment and promote self-reliance. Women also form a major part of the society and should be encouraged with similar employment opportunities by providing them better working conditions and education. Compulsory free education from Kindergarten to high school to both male and female to be provided thus maintaining gender equality in the society.

Government policy:

Stronger action should be taken by government in order to provide opportunities greater transparency of development activities and greater accountability for the spending of funds and the generation of outcomes. Government itself should be made accountable for its action for the development of the country. The rural and urban gap should be a prime target for reduction. Major concern should be to improve infrastructure of the country, free education drive, employment generation, encourage FDI in country, improve security in the country etc

ESAU reader (Excellence, Strive, Aspire and Utilisation)

The above four factors are the factors of for analysing any actions that are implemented in the country. ESAU is an easy calculator of accountability.

If funds worth 100 billions are available alone for literacy or education development in the country then by using an ESAU reader one can analyse the fund utilization structure. For example, if out of 100 billion of funding only 20 million was utilized and rest was non-accountable then it is under-utilisation. If the funds were fully spent but outcomes were very meagre, again this would be seen as under-utilisation of development resources. Where the results are outstanding, role models will be established for excellence and achievement of the goals. To aspire to achieve the goals, produce productive and viable developmental plans,

requires accountability. Hence ESAU can be used to analyse any goal or target in MDG and show a clear picture.

ESAU possible solutions are as follows:

1. If ESAU is to be made effective and achievable, the solution is to start taxing those health-affecting items like cigarettes, tobacco, liquors, and carbonated drinks. This will lead to aspiring for better life and future.
2. The money allocated for poverty and hunger is always lost in the hands of intermediaries hence ESAU recommends for monthly audit of the budgetary amount. This will enable utilisation of funds.
3. In order to achieve Goal 1 (Eradicate extreme poverty & hunger) increase cash flow in the hands of poor people. This is to Strive for better future of poor people.
4. In order to have successful Mid Day Meal program, instead of distribution based on Ration Card, allocate Food Stamps: a paper currency that is used for the purchase of any eatables, food, edible oil etc. This will decrease the malpractice of the intermediaries and also end the food price arbitrage opportunity arising due to price differentiation of food items available in the market. This will bring in Excellency in the system.
5. Stress upon Infant nutrition program in order to achieve Goal 4 (Reduce Child Mortality), charge cess on mobile phones, computers, and IT companies.

Looking at India and its slow development, if the above suggestions are taken into consideration at least it might change its name to Asian 'Tiger' rather than Asian 'Elephant'. Government and political parties must put national growth first and not personal interests. Let's make it a Development gain and not a development Gimmick.

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