

Bridging Divides and Reducing Disparities*

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I Introduction

I am deeply honoured to be invited to give Kale Memorial Lecture 2006.

Shri Rao Bahadur Ravaji Ramchandra Kale was one of the most reputed and illustrious sons of Maharashtra, who contributed to public life in many ways. The idea of setting up of the Gokhale Institute of Politics and Economics was originally conceived by him in 1930 for conducting research in the economic and political problems of India and for that he donated a lakh and quarter rupees to the Servants of India Society. In today's term it is worth crores of rupees. Gokhale Institute has contributed enormously to the development of the country. Stalwarts like D.R. Gadgil and V.M. Dandekar have guided it. I hope the traditions of free and open dialogue, academic freedom and independence that they have established will be protected with passion by the staff and students of the Institute. I also hope that the Institute will continue to be guided by persons of high academic standing and with full freedom.

Rao Bahadur Kale was associated with several committees including Bombay Provincial Franchise Committee and also presided over several local self-government conferences. Because of his interest in all-round development and all sections of the society that I have selected the topic of my talk today.

II Beyond Rapid Growth: Expanding Opportunities

India is at an exciting stage in its development history. We have all the possibilities to take-off into a state of high and sustained growth. We have a democratic, participatory open society that can help in ensuring that growth is inclusive. The restructuring of our policies initiated in small steps in the 1980s and given a big push in 1991 and the subsequent steady pace of reforms have accelerated the Indian economy. They have made the economy robust and resilient. India has faced globalisation with confidence and to its advantage. Indian industry has risen to the challenge of international competition. In automobiles, in auto components, in

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pharmaceuticals, in software development, in Information Technology (IT) enabled services, in bio-technology, all have Indian firms that are doing extremely well. In the (IT) industry India has emerged and is recognised as a global power. India's success in these has created a sense of optimism, boosted our self-confidence and made many young Indians eager to take on the world. The trepidation with which we considered liberalisation of services trade has faded in our memory in the light of the galloping growth of the IT Enabled Service (ITES) sector. India has become a best selling brand.

India is also at a fortuitous stage in its demographic transition and can reap a demographic dividend over the next 20 to 30 years. As our fertility rates have been falling, the number of persons in the population in the working age of 15 to 60 years is increasing as a proportion of total population and will remain at a relatively high level for the next 30 years. After that the proportion of working age population will fall and the population in the age group 60+ will increase. The larger working age population with lower dependency ratio will result in a higher savings rate over the next 30 years and it is estimated that our growth rate can increase by up to 3 percentage points. This, however, is a passing opportunity, which has to be exploited. If we do not create an environment where the larger working age population is provided skills and opportunities for gainful employment, we would not reap this demographic dividend. It is not just an opportunity we can seize, it is imperative that we do so. For if the economy does not expand to create employment opportunities that meet the rising aspirations of the increasing number of young entrants to the labour force, the resulting disaffection and social unrest could turn it into a demographic nightmare. The needed employment generation also calls for rapid economic growth and policies that increase flexibility and reduce real cost of employment to promote labour intensive technologies.

India at the beginning of 2007 is at a favourable point to attain acceleration of growth. The growth rate of the economy, GDP at market prices, is accelerating and it is expected that the growth rate will be eight per cent or more over the four years from 2003-2004 to 2006-2007. Today Indian economy is one of the fastest growing economies in the world. Exports have been increasing at 20 per cent per year in dollar terms over the past three years. The foreign exchange reserves exceed US\$150 billion and we are free of the stifling preoccupation with foreign exchange scarcity, which in the past distorted our policy and constrained growth. The economy has become resilient and able to withstand shocks from poor monsoons or high oil prices. Fiscal deficit is coming down and the inflation rate is low. Low interest rate is stimulating investment. Thus the approach to the 11th Plan has set a target for economic growth of nine per cent.

With rapid growth, we can make a quantum leap to get an equitable inclusive development. Equitable and inclusive growth is vital for two reasons. First, the ultimate objective of growth is to increase well-being of all the people. Second, growth itself may not be sustainable if in our diverse and multicultural democracy equity is not achieved or if development is not only fair but also perceived to be fair. Rapid growth is indeed essential to attain both equity and inclusion.

Economic growth can and should promote well being from a multi-dimensional view and be made inclusive. The prospects for high economic growth provides an opportunity to do so. The sense of optimism and rising aspirations of our people cannot be satisfied unless the economy grows at a rate exceeding nine per cent in the 11th Plan period. Thus we target the economy to accelerate from eight per cent to ten per cent by the end of the Plan. We can double per capita income in 10 years i.e., by 2016-2017 if a growth rate of ten per cent is attained over the 12th Plan period. Such growth rates not only require that many of our social objectives are realised but also they facilitate the realisation of the social objectives. The specific socio-economic development targets of the 11th Plan are shown in the box:

The targets relate to various aspects of well-being. These include income, poverty, education, health, infrastructure, employment, gender equity and environment. It also includes target for economic growth which facilitates attaining many of these objectives.

To reach these targets of equitable, inclusive growth, we must empower people, reduce disparities and attain rapid economic growth.

Monitorable Socio-Economic Targets of the 11th Plan

Income and Poverty

- ❑ Accelerate growth rate of GDP from eight per cent to ten per cent and then maintain at ten per cent in the 12th Plan in order to double per capita income by 2016-2017
- ❑ Increase agricultural GDP growth rate to four per cent per year to ensure a broader spread of benefits
- ❑ Create 70 million new work opportunities.
- ❑ Reduce educated unemployment to below five per cent.
- ❑ Raise real wage rate of unskilled workers by 20 per cent.
- ❑ Reduce the headcount ratio of consumption poverty by ten percentage points.

Education

- ❑ Reduce dropout rates of children from elementary school from 52.2 per cent in 2003-2004 to 20 per cent by 2011-2012.

- Develop minimum standards of educational attainment in elementary school, and by regular testing monitor effectiveness of education to ensure quality.
- Increase literacy rate for persons of age seven years or more to 85 per cent.
- Lower gender gap in literacy to ten percentage points.
- Increase the percentage of each cohort going to higher education from the present ten per cent to 15 per cent by the end of the 11th Plan.

Health

- Reduce Infant Mortality Rate (IMR) to 28 and Maternal Mortality Ratio (MMR) to one per 1000 live births.
- Reduce Total Fertility Rate to 2.1.
- Provide clean drinking water for all by 2009 and ensure that there are no slip-backs by the end of the 11th Plan.
- Reduce malnutrition among children of age group 0-3 to half its present level.
- Reduce anemia among women and girls by 50 per cent by the end of the 11th Plan.

Women and Children

- Raise the sex ratio for age group 0-6 to 935 by 2011-2012 and to 950 by 2016-2017.
- Ensure that at least 33 per cent of the direct and indirect beneficiaries of all government schemes are women and girl children.
- Ensure that all children enjoy a safe childhood, without any compulsion to work.

Infrastructure

- Ensure electricity connection to all villages and BPL households by 2009 and round-the-clock power by the end of the Plan.
- Ensure all-weather road connection to all habitation with population 1000 and above (500 in hilly and tribal areas) by 2009, and ensure coverage of all significant habitation by 2015.
- Connect every village by telephone by November 2007 and provide broadband connectivity to all villages by 2012.
- Provide homestead sites to all by 2012 and step up the pace of house construction for rural poor to cover all the poor by 2016-2017.

Environment

- Increase forest and tree cover by five percentage points.
- Attain WHO standards of air quality in all major cities by 2011-2012.
- Treat all urban waste water by 2011-2012 to clean river waters.
- Increase energy efficiency by 20 percentage points by 2016-2017.

Provision of public goods and services empowers people and improves welfare. Along with “public goods” that are non-rival and non-excludable” not only the physical infrastructure of transport services, roads, railways, electricity and telecommunication but also social services of health, water, sanitation, personal security, rule of law and freedom are essential to increase welfare. Moreover, even a skilled and an educated person needs these services and infrastructure to function to her full capability. With them a person can exploit the opportunities that are there. Most of these are difficult for an individual to provide for by herself. Moreover, many of these have significant external benefits to others which cannot be captured by one who provides the service or invests in it. Thus private sector would have little incentive to do so. They require social and governmental action.

Thus the broad thrust of the 11th Plan will be towards universal education, creation of skills, raising employability, expanding quality higher education, improving health and nutritional status, ensuring equality of opportunity through transparency and an efficient rule of law, building physical and social infrastructure and enlarging employment and income generation opportunities through rapid economic growth.

III Reducing Disparities and Bridging Divides

Our progress in human development has been slow and uneven across different groups and states, and has not kept pace with the growth of the economy. While the value of our UNDP Human Development Index increased our rank has not improved much over the years. Table 1 shows some socio-economic indicators of our development. The disparities and divides that exist in the country are obvious from the table.

The 10th Plan target was to reduce consumption poverty by five percentage point to 21 per cent by 2007. With a growth rate of nine per cent and specific measures of poverty reduction, poverty will be brought down to less than ten per cent by the end of the 11th Plan. Yet even when the all India goal is achieved, unless we take appropriate actions, in a

number of states poverty rate may exceed 20 per cent even by the end of the 11th Plan.

Table 1: Status of Some Socio-Economic Indicators

GDP Per Capita: 2003-04		Rs. per person at 1993-94 Prices		
Average (NNP)		Rs. 11799		
Highest (State) NSDP		Rs. 16679 (Gujarat)		
Lowest (State) NSDP		Rs. 3557(Bihar)		
Consumption Poverty: 1999-2000		Head Count Ratio (%)		
Average		26.1		
Highest (State)		47.15 (Orissa)		
Lowest (State)		6.16 (Punjab)		
Literacy (age 7+) Male: (2001)*		<u>All</u>	<u>SC</u>	<u>ST</u>
Average		75.3	66.6	59.2
Highest (State)		94.2 (Kerala)	88.1 (Kerala)	92.2 (Laksha - dweep)
Lowest (State)		59.7 (Bihar)	40.2 (Bihar)	39.8 (Bihar)
Literacy (age 7+) Female: (2001)*		<u>All</u>	<u>SC</u>	<u>ST</u>
Average		53.7	66.6	59.2
Highest (State)		94.2 (Kerala)	77.6 (Kerala)	86.9 (Mizoram)
Lowest (State)		33.1 (Bihar)	15.6 (Bihar)	15.5 (Bihar)
Elementary Schooling: (2001)*		<u>Total</u>	<u>Rural</u>	<u>Urban</u>
Attending schools in the age group 6-14 years*		71.1	67.9	80.1
Highest (State)		95.0 (Kerala)	94.9 (Kerala)	95.2 (Kerala)
Lowest (State)		47.3 (Bihar)	45.0 (Bihar)	67.7 (Bihar)
Boys		74.7	72.4	81.8
Highest (State)		95.3 (Laksha- dweep)	95.3 (Laksha- dweep)	95.4 (Laksha- dweep)
Lowest (State)		53.1 (Bihar)	51.3 (Bihar)	69.9 (Bihar)
Girls		67.1	63.0	79.7
Highest (State)		95.1 (Kerala)	95.0 (Kerala)	95.3 (Kerala)
Lowest (State)		40.6 (Bihar)	37.9 (Bihar)	65.3 (Bihar)

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Table 1: Status of Some Socio-Economic Indicators

Literacy (age 7+) Male: (2001)*	All	SC	ST
Completed: (For age group 15 years and above)	35.4	27.1	54.9
Highest (State)	65.8 (Chandigarh)	55.8 (Delhi)	72.8 (H. Pradesh)
Lowest (State)	25.4 (Bihar)	18.6 (Meghalaya)	41.7 (Lakshadweep)
Male	44.7	36.8	62.7
Highest (State)	70.1 (Chandigarh)	66.3 (Delhi)	77.7 (Manipur)
Lowest (State)	31.0 (Meghalaya)	21.5 (Meghalaya)	50.4 (Lakshadweep)
Female	25.6	17.1	46.2
Highest (State)	60.1 (Chandigarh)	52.8 (Kerala)	67.5 (H. Pradesh)
Lowest (State)	13.7 (Bihar)	7.1 (Rajasthan)	32.6 (Lakshadweep)
Sex Ratio: (2001) (females/1000 males)*			
Average	933	946	900
Highest (State)	1058 (Kerala)	1059 (Kerala)	1058 (Kerala)
Lowest (State)	709 (Daman & Diu)	620 (Chandigarh)	691 (D&N Haveli)
IMR: (2003) (Per 1000 live births)	60		
Highest (State)	83 (Orissa)		
Lowest (State)	11 (Kerala)		
MMR: (1997) (Per 1000 live births)**	4		
Undernourished Children: (1998-99) #	<u>Weight-for-age</u>	<u>Height-for-age</u>	<u>Weight-for-height</u>
	47.0	45.5	15.5
Highest	55.7 (M.P.)	55.5 (U.P.)	24.3 (Orissa)
Lowest	20.6 (Sikkim)	18.1 (Goa)	4.8 (Sikkim)

* Calculated from information based on Census 2001.

** Based on SRS.

Percentage below two standard deviation from median.

However, crossing the poverty line is only the first step. People aspire to rise above that and to keep rising. They can do that if they are empowered with skills and capital that enlarge their capabilities.

Moreover, they have to be enabled to fully realise their potential. A person with skills cannot function effectively unless public goods and services have been provided. To facilitate all people to realise their potential, an environment that provides equality of opportunity to all with freedom and dignity and without social or political obstacles is needed. Along with these, opportunities for economic and social advancement also have to be expanded. These are necessary for an equitable and inclusive development for all.

Of course, rapid growth will help to reduce consumption poverty significantly, and we can further accelerate poverty reduction with special efforts. The National Rural Employment Guarantee Scheme should provide adequate income to most BPL households to pull them above the poverty line sooner than what growth can do. This needs to be followed by measures to keep them above the poverty line and to improve their economic status. For this a very important requirement is providing skills to people not just for jobs available today but for tomorrow's jobs. This has to be done in the context of the changing nature of the economy, which provides many opportunities and also poses challenges. Knowledge and skills are becoming even more important in a world of rapidly changing technology where knowledge has become an important factor of production. This can create opportunities for advancement for people, more or less independently of their social or economic background, if we create an appropriate system of education.

As seen in Table 1 the disparity in the development of states goes beyond consumption poverty rates. It is also in health and nutritional status, education and skills as also in provision of clean water and sanitation. Such disparity threatens the social and political fabric of the country. But this is not the only divide in the country. The developments of SCs, STs, OBCs and some minorities lag behind the rest of the country. The differences in education and economic empowerment between boys and girls and men and women are also large.

The importance of education is at all levels. The emphasis we put on high quality higher education, setting up IITs and other premier educational institutions have paid us rich dividends. The graduates of these institutes have created much wealth for the country, have established India's brand in the global knowledge economy, have given Indians a self-confidence overcoming the diffidence created by foreign rule, and above all generated optimism in the country. To remain at the forefront of the global economy driven by the ever increasing pace of technological innovations requires that we need to have ever increasing number of

highly trained people. We need, therefore, to expand our higher education and raise its quality to the highest global standard so that India can become and remain a knowledge power.

The indicators in Table 1 do not give the full picture of well-being. For example the literacy and school enrolment rates or the nutritional status do not tell that many children have to work for a living, nor about the quality of schools they attend or the level of learning they attain. The ASER 2005 report based on testing of 3,32,971 children in 9527 villages in 485 rural districts in November 2005 shows that while enrolment has reached 93.4 per cent in the 6-14 age group, 20 per cent of the children who have completed five years of schooling cannot read a sentence or do a subtraction involving borrowing or divide a three digit number by a one digit number.

These tell us that a lot needs to be done to improve the development of children. The 11th Plan will create conditions so that children do not have to work. We will make schools so interesting and exciting those children would never want to miss it. We will ensure their nutritional status and protect them from physical abuse. In short we will give all children their childhood so that children can be children.

Similarly, in Table 1 the sex ratios, the differences in literacy levels of boys and girls, or the maternal mortality rate do not fully capture the discrimination women suffer. Gender bias is deeply ingrained in the society and calls for special efforts to change it. We have to raise women's economic and social worth to counter the gender bias. Women have to be made economically independent.

To bridge the gap between men and women, special efforts are needed. In addition to education, meeting their special needs such as, clean cooking fuels, care for pregnant and nursing womens, we need to increase their economic and social worth. Special measures for gender empowerment and equity should be a part of the 11th Plan.

Good health is as important as skills and education. Improving health and nutritional status of the people is vital if people are to function up to their potential and for full enjoyment of life. Preventive health related services, clean drinking water, sanitation facilities, immunization and disease control have to be provided to all citizens. Along with them access to curative health care also needs to be ensured.

Full development of children with good health and education and removal of gender inequity are preconditions to give all our citizens an opportunity to realise their full potential and pursue their dreams.

However, to enlarge opportunities, to widen the choices and alternatives available to individuals empowered with knowledge and enabled with infrastructure, a rapidly growing diversified economy has to create opportunities for a wide range of skills. They should also be geographically spread across the country. Rapid growth is needed not only to create economic opportunities for livelihoods but also to mobilise resources for providing public goods and services and building infrastructure.

A trained, skilled and healthy person needs freedom and equality of opportunities for employment, advancement and entrepreneurship. Such equality is more likely to be available in a transparent system working under a rule of law. The Right to Information Act has empowered citizens to insist on transparency and demand transparency. Enforcement of rights given to Indian citizens call for a legal system that can dispense justice quickly and inexpensively. On both these counts one legal system is unsatisfactory. The 11th Plan puts a high priority on reforms of the legal system to make it quick and inexpensive.

Apart from the rural-urban divide there is also a divide within urban areas. Massive problems have emerged as a result of rapid growth of urban population without a corresponding increase in urban infrastructure and provisioning of urban services. Only the select few have somewhat better access to urban services. Yet even they cannot escape the consequences of a massive neglect of basic urban services. The quality of life for the bulk of our urban population involves many unnecessary hardships. Cities provide substantial economies of agglomeration and are the growth engines of the economy. Urban renewal is an imperative for both efficiency and equity. The Jawaharlal Nehru National Urban Renewal Mission (JNNURM) launched in 2005-2006 is directed to provide improved urban services.

The major challenge of the 11th Plan is to balance the growth process and bridge the various divides, of which the most significant one has been between the urban and rural India. The programmes under Bharat Nirman, Sarva Siksha Abhiyan, National Rural Employment Guarantee Act, National Rural Health Mission, etc. are to give a new deal to rural India. The 11th Plan will script the economic and social development of our rural areas as one of the world's biggest growth stories in the coming decade. The initiatives to give a new deal to rural India and the programmes of urban renewal call for a rapidly growing economy. An economy that accelerates from a growth rate of eight per cent to ten per cent is what the 11th Plan aims at.

This can only be a beginning. Steps must be taken to ensure that the natural follow-up actions are taken and the gains from the new deal are not frittered away. The 11th Plan focuses on ensuring that the programmes fulfill their objectives, the outcomes are as per expectations and that they are consistent with the resources devoted. It also emphasises the actions needed for continuity beyond the Plan.

These programmes will require substantial allocation of funds, mainly by the government. The question arises whether would these outlays compromise public investment in other needed areas and reduce growth? In fact, if targeted effectively and implemented efficiently, these programmes and the outlays envisaged will stimulate the economy and raise its growth rate. The employment guarantee scheme, for example, can create productive assets and can provide additional income to the poor and increase demand for food and other consumer goods, which in turn would also stimulate growth. Increasing demand for agricultural goods is important to raise agricultural growth, which is otherwise likely to face a demand constraint. Growth of agriculture in turn is vital to bridging rural urban divide. Similarly, the backward districts development programme can be mobilised to increase growth and reduce disparity.

IV The Challenge

The main challenge besides accelerating growth, for the 11th Plan is therefore the following:

- How to ensure the effectiveness of targeting and cost-effectiveness in realising the outcomes of the various programmes initiated for rapid, robust, inclusive and equitable growth?

What differentiates the various programmes of Bharat Nirman and other initiatives for development from past programmes is their time bound nature and their scale. Together, they constitute a decisive frontal assault on disparities and divides that have persisted for long. What also differentiates them is the care taken to design them in ways that facilitate monitoring and outcome accountability. Ensuring outcomes is the defining character of our approach to the 11th Plan.

The main elements of the implementation strategy are the following:

- (i) **Decentralisation:** Programmes should be monitored and controlled by the lowest possible level of governance. Thus PRI will be given the right and power to supervise local schools, primary health care centers, as well as, programmes of rural development.

- (ii) **Financial Empowerment of PRIs:** Financial resources would be given to PRIs directly so that their control has teeth and becomes effective.
- (iii) **Stakeholder Participation:** Participatory development helps in keeping development projects and programmes relevant. Participation of stakeholders should also be in decision-making, as well as, in execution.
- (iv) **Accountability through Transparency:** Transparency can be a very effective tool to obtain accountability. The Right to Information (RTI) Act enacted in 2005 is a major step forward to get transparency. Alongwith internet the RTI can be a potent tool for empowering the stakeholders and the intended beneficiaries of government programmes with information about their rights. This should increase accountability. Use of internet to provide online information on projects and programmes undertaken with lists of specific beneficiaries such as, names of villages electrified, roads built, etc. can make it easy for citizens to monitor programmes.
- (v) **Civil Society Organisations (CSOs) and Public Private Partnership:** Since in many areas CSOs and private sector can provide service more effectively and at lower cost, public partnerships can lead to better outcomes. Of course this may need financing by government if the public goods or services to be provided cannot be provided in a financial profitable way.
- (vi) **Offering Choice to People:** If the intended beneficiaries of public programmes can be provided with choice concerning from whom to get the service, a measure of competition among service providers can be introduced. This should increase efficiency.
- (vii) **Entitlements to Reduce Leakages:** Provision of merit goods that the government would like all persons to have irrespective of their ability to pay for them, often leads to dual prices in the market and provides incentives for diversion of the goods away from the targeted persons. To remove the incentive for leakages, these goods should be provided in a way that does not require two prices for the same good. Mechanisms to give entitlements through stamps or debit cards can be effective instruments to do so.

While Government ought to finance certain public goods and services, it is not necessary that they be provided by the Government. Some of these may be better provided by others such as, private

institutions or NGOs. The 11th Plan will use appropriate mechanism to maximise outcomes from available resources.

The principles are applied to structure the following public programmes:

(a) Education for All – for Empowerment:

- Sarva Siksha Abhiyan
- Adult literacy campaign
- SSA-2 for expanding reach of secondary education
- High quality higher education
- Modernisation of vocational education

(b) Better Health, Expanding Capabilities:

- Rural Health Mission
- Drinking Water
- Sanitation Programme

(c) Infrastructure – Essential for Functioning

- RGGVY (Rajiv Gandhi Grameen Vidyutikaran Yojna)
- PMGSY (Pradhan Mantri Gram Sadak Yojana)
- JNNURM (Jawaharlal Nehru National Urban Renewal Mission)
- Telecom connectivity

(d) Expanding Opportunities and Bridging Divides:

- Growth, particularly agricultural growth, for employment opportunities
- NREGA (National Rural Employment Guarantee Act) for immediate impact
- RSVY to pull the backward

Education for All for Empowerment

As already pointed out the 11th Plan recognises that education is the most critical element in empowering people with skills and knowledge. All children should be able to get as much education as they are capable of getting, irrespective of their ability to pay. It facilitates upward mobility and gives substance to the notion of equality of opportunity.

Elementary Education: Sarva Shiksha Abhiyan (SSA)

The 11th Plan aims to ensure that all children complete elementary education, learn to read, write and reason and acquire arithmetic skills;

that schools will have adequate infrastructure of building with required number of classrooms, blackboards and teaching aids. A beginning has been made with by the levy of two per cent Education Cess which is expected to yield about Rs. 6,000 to 8,000 crores per annum and will go up in future. The objective is to enroll all the children in regular and alternate schools. Enrolment, however, is only the first step. The children must remain in school. Thus dropout rate which is currently around 31 per cent in the primary classes has to be reduced if not eliminated for both girls and boys as also for different social groups. These shall be a high priority area of action. It will also have drinking water and toilet facilities. Under the Sarva Shiksha Abhiyan (SSA) resources will be provided for this. Also to attract students to schools and to improve their nutritional status hot midday meals are being and will continue to be provided.

The Mid-Day Meal Scheme (MDMS) provides an opportunity to have micronutrient supplementation covering Vitamin-A, iron and iodine. The management and supervision mechanisms will be made very effective and changes in the nutritional status of the children covered under the programme will be monitored. School health programmes will be revived and converged with MDMS. The mid-day meal programme will help retain children in school. However, this may not be enough. Schools must be made interesting and attractive. We may also need to introduce some compulsion. With the employment guarantee scheme providing additional income to poor households, economic reasons to take away children from school are no longer compelling.

The mid-day meal scheme can reduce the drop-out rate, if the meals are attractive. Involvement of stakeholders, mothers of children who attend the school in the preparation of midday meals can ensure it. Mothers' Cooperative may be given the task.

Drop-outs due to the reason that the child needs to work should reduce with the small employment guarantee scheme augmenting family income and thus reducing the need for child's earning. Dropping out to take care of younger siblings should also reduce as working mothers will have crèche service for her children at the work site.

The main problems besides the provision of required resources that need to be addressed are teacher absenteeism and accountability. Authorising panchayats and citizen's education committees to oversee teacher performance is one way. Giving people choice of school to attend, public or private, by giving them vouchers and creating competition among schools can be another one. The 11th Plan will give special attention to the learning outcome by regular periodic testing of children.

Attending school is not a goal in itself, it should result in learning. The extent of learning will be monitored by regular testing by independent bodies. This will also help in rating schools which is important for parents to exercise choice concerning the school to where to send the child.

Helping the Disadvantaged

Children from socially disadvantaged families often have learning difficulties as their vocabulary is limited. Special help through Information and Communication Technology (ICT) and in pre-primary schools can help them overcome this handicap. ICT has a great potential for enhancing learning levels and improving quality of education. Public private participation is envisaged in operating ICT in schools through appropriate models acceptable to the States. The pre-school education component of ICDS-Anganwadi is very weak and enrolment of under-age children and the repetition rate in primary classes is, therefore, quite high. Therefore, SSA shall have a separate component for at least one year Early Childhood Education (ECE), which in a phased manner shall be universalised.

Adult and Literacy Programmes

The 10th Plan target of attaining 75 per cent literacy rate is likely to be achieved by 2007. Therefore, the Dakar goal of halving the illiteracy rate by 2015 is likely to be achieved ahead of the target period. However, bridging of regional, social and gender gaps will continue to be major areas of concern. The goal would be to increase adult literacy to 85 per cent by the end of the Plan. There are 30 crore illiterates of whom a significant proportion is not covered under any adult education programme. A programme will be framed for the older age group (35+) also using the new computer based self-learning system which has been found to be very effective. Literacy programmes cover 598 out of 600 districts in the country. The Mid-term review pointed out the need for merger of various adult literacy programmes. Total Literacy Campaign as an independent programme should cease to exist. The quality of NGOs initiating the various programmes will be assessed through regular monitoring, and Central and State Governments will evolve an accreditation process.

Secondary Education

The 11th Plan takes serious note of the fact that a minimum threshold level of general education is absolutely necessary if the country has to take

advantage of the rapidly changing global scientific and technological advancements. The minimum level of education will have to be at a higher level of knowledge and skills, generally accepted as the baseline qualifications for the workforce in the international labour market. The academic input of eight years of elementary education will be grossly inadequate to improve the quality of labour, ensure higher earnings and ease mobility of the workforce to informal and tertiary sectors, and also from rural to urban areas. A person with a mere eight years of schooling will be as disadvantaged in the knowledge economy dominated by ICT as an illiterate person is today.

The 11th Plan envisages a minimum level of education upto high school level or Class X. The general education strategy will have to be built on a long term perspective for improving the quality of basic education upto Class X by providing access to all children in the age group of 6-16.

Once SSA reaches its goal that all children complete elementary education, demand for secondary education will expand significantly. We should now plan for massive expansion of secondary education upto class X to keep up with the momentum gained in implementation of SSA. A new mission for secondary education, SSA-2 to cover upto class X, will be planned for. The needed expansion of secondary education will require not only public but also private efforts. At present, in secondary level education there is a dominant presence of the private, aided and unaided providers of education. Private sector schools account for 58 per cent. The striking feature is that their proportion is increasing at a faster pace than public funded schools. A voucher scheme and a requirement that private school provide scholarships. To atleast 25 per cent of the students based on their economic needs can provide competition. All schools that meet the required norms should be accorded recognition. This would release funds for unserved, underserved educationally backward areas and to cater to the educational needs of SC/STs, minorities and girls whose enrollment depicts a wide gap, through government intervention.

Public schools can also be incentivised with performance related bonus. The 11th Plan will encourage alternative modes of providing quality secondary education to all.

Skill Development and Vocational Training

Vocational education will be made an integral part of secondary education so that all students acquire some skill or craft and appreciate dignity of labour. Data collected in 60th round of NSS shows that only three to four

per cent of the youth (15-24 years) have gone through a formal course of vocational training of any kind, but most of them have found the skill acquired to be useful in taking up or changing employment. Therefore, the principal planning issue will be how to expand vocational training to 15 million new entrants to labour force from the available capacity of mere two to three million. Since 2004 an effort is being made to identify and implement the reforms in administration of ITI's so as to facilitate better interaction with the industry. To begin with hundred ITI's have been taken up. A new initiative at Public Private partnership that will give a choice to the industry in design of courses and to the youth in making a choice among them needs to taken. By involving industries and industrial associations with the running of ITIs, they will be made relevant to the needs of industry and available jobs with a thrust on vocations in the tertiary sector, requiring limited infrastructure in areas such as IT, insurance, banking, tourism retail trade etc.

Vocational training shall be accorded top priority in the 11th Plan, to be treated as an industry to attract investment into it. A national mission will be launched. So far the private investments have come in only for the higher wage skills– IT, airlines personnel, fashion technology, etc., or the skills linked with Government jobs – teachers, instructors, etc. Smaller towns that provide access to rural youth have concentrated mainly on academic education or college education.

To reach out to rural youth skill development shall be treated at par with school education in allocation of government resources. An initiative at block level infrastructure for vocational training will be taken. A part of the resources mobilised from the education cess should be allocated for vocational training establishments at block level. Vocational training should be given priority at par with secondary education in allocating public sector financial and physical resources – land and other supportive services.

Higher Education

High quality institutions, whether public or privately run, are elitist institutions but they can be egalitarian if they provide opportunities for the poor and socially disadvantaged to advance themselves. The objective will be to expand institutions of quality for higher education so that all those capable of becoming high quality professionals have the opportunity to do so. No one will be denied this opportunity for want of ability to pay for such studies.

During the 11th Plan all round efforts will be made to make India a knowledge power. To this end, the plan will address the issues of increasing enrolment in universities and colleges and also for tackling the problems of varying standards, outdated syllabi, and inadequate facilities so as to reduce the disparities in academic standards of various universities. New colleges and universities will be set up especially in educationally backward districts, existing institutions strengthened and open and distance education expanded. Steps will be taken to fill up sanctioned faculty positions lying vacant and also fill the infrastructure gaps. In addition a specific plan for upgrading a few “existing” select universities with “potential for excellence” will be formulated laying down specific parameters which are in tune with global standards. At least 20 universities with potential for excellence may be upgraded in the 11th Plan period. While steps for progressively increasing allocation for higher education under successive annual plans will be taken, the focus on internal resource generation by raising fees etc., should not be lost sight of. Simultaneously, efforts will be made to develop a wider merit-cum-means based loan and scholarship programmes through the banking system and other agencies.

The Cutting Edge: Science and Technology

In the current knowledge era, development in all its manifestations depends crucially on innovative solutions provided by Science and Technology. Capabilities in S&T therefore, are justly reckoned as reliable benchmark for establishing the status of development of a nation. India must occupy a frontline position in this listing. The 11th Five-Year Plan approach to S&T will be guided by this context.

Better Health: Expanding Capabilities

In the health sector, the main objective of the 10th Plan was to provide essential primary health care, particularly to underprivileged and underserved segments and further, to devolve responsibilities and funds for health care to PRIs. Progress and achievement towards this objective has been slow and the 10th Plan targets on MMR & IMR have been missed. The ground reality is that, for the most part, rural health care is in shambles, marked by absenteeism of doctors/health providers, low level skills, unavailable medicines, inadequate supervision/monitoring, and callous attitudes. There are no rewards for service providers and punishments to defaulters and very little attention is paid to outcomes. Health outcomes in India are adverse compared to bordering countries like

Sri Lanka, as well as, countries of South East Asia like China and Vietnam.

Table 2: India and Comparator Countries

% achievement	India	Sri Lanka	China	Vietnam
Infant mortality	60 (2003)	13 (2003)	30 (2003)	19 (2003)
One year olds fully immunised for measles	58.0 (2002-2004)	99 (2003)	84 (2003)	93 (2000)
Population with sustainable access to improved sanitation	30 (2002)	91 (2002)	44 (2002)	41 (2002)
Under-five mortality	87 (2003)	15 (2003)	37 (2003)	23 (2003)
Births attended by skilled birth attendants	47.6 (2002-2004)	97 (1995-2003)	97 (1995-2003)	85 (1995-2003)
Maternal mortality	407 (adjusted 2000)	92 (adjusted 2000)	56 (adjusted 2000)	130 (adjusted 2000)

National Rural Health Mission

The 11th Plan will accord the highest priority to providing access to primary health care for the “*aam aadmi*”. The seven year National Rural Health Mission (NRHM) has been launched to address infirmities and problems across rural primary health care. One objective of the mission is to co-opt and converge the public health approach into primary health care. Another objective is to genuinely empower and support panchayati raj institutions to manage, administer and be accountable for health services at community levels. Locating health sub-centres in gram panchayats will in itself, improve attendance of staff, motivate appropriate quality of care and provide constant feed-back on patient satisfaction. The NRHM which spans the duration of the 11th Plan will also converge the management of health delivery across all systems of medicine (including ISM) at primary health care levels.

The primary health centres function unsatisfactorily. Across states six per cent to 30 per cent posts remain vacant. And random checks show that from 29 per cent to 67 per cent doctors were absent. This problem of unavailability of doctors can be redressed if we mobilise doctors trained

under Indian Systems of Medicine (ISM). Within the domain of primary health care we have 1,48,000 health sub-centres, 24,000 primary health centres, 3,500 functioning community health centres on the allopathic side, with 23,000 ISM dispensaries and 3,100 ISM hospitals. While 59,000 beds across rural India serve modern medicine systems, there are another 53,000 beds under the Indian Systems of Medicine. Currently, there is no sustained dialogue between the two systems of medicine. There are close to half a million institutionally qualified ISM practitioners, not included in the public sector supported primary health care (except for 40,000 employed by government). The institutionally trained human capital (from the Indian Systems of Medicine); residing at village and block levels, should be leveraged and co-opted into providing primary health care with appropriate training and deployment (on a fee for service basis, only). Kerala has fully combined the administration and delivery of the Modern and Indian Systems of Medicines, with outstanding outcomes in terms of access and quality of care. Himachal Pradesh is following the same route, but in Government of India, we have never rationalised the institutional framework.

Public Health Approach

The public health approach has no nodal point within MOHFW. A Department of Primary Health Care will focus on synergies at district and sub-district levels with the Total Sanitation Campaign, National Nutrition Mission, Drinking Water Programmes etc. State governments have some unique and successful initiatives at primary health care levels, and these efforts must be continually disseminated and expanded across other states. Fifth year of the Tenth Plan could be utilised towards implementing and disseminating this approach.

Financing Health Services

Finally, innovative financing mechanisms such as fee for health services delivered will encourage accountability and promote sound health seeking behaviour, increase institutional deliveries, as well as, appropriate neonatal and infant care, to achieve more rapid reductions in maternal and infant mortality. We will also experiment with a voucher system for pregnant women to have professionally supervised delivery. This will empower them to exercise choice and create competition in the health service sector.

Clean Water for All

Clean drinking water is vital to bring down incidence of diseases and death as also to reduce malnutrition as it will reduce waterborne infections that hamper digestion of food. One of the targets in the 10th Plan was to provide potable drinking water to all villages. However, in view of the importance of the problem, the target was revised under Bharat Nirman where it is now planned to cover the 55067 uncovered habitations in four years (2005-2009). Rural Water Supply is, however, beset with the problem of sustainability, maintenance and water quality. Out of the 14.22 lakh habitations in the country, although more than 95 per cent coverage was achieved prior to Bharat Nirman, about 2.8 lakh habitations have slipped back from either fully covered to partially covered category. 2.17 lakh habitations are also quality affected with about 60,000 habitations facing the serious problem of arsenic, fluoride or salinity. Under Bharat Nirman, it is also proposed to tackle slipped back and water quality affected habitations with priority to arsenic, fluoride and salinity affected habitations. Thus the 11th Plan will emphasise full and timely realisation of the Bharat Nirman targets and ensure that they remain sustainable.

To give focused attention and for close monitoring to this sector, it has already been decided to make names of all habitations web-enabled and make releases only after the names of habitations are also indicated by States in their proposal. Sustainability needs to be addressed by moving away from ground water to surface water resources wherever possible. Where alternate sources do not exist or are not cost effective, ground water recharge measures will be insisted upon in the vicinity of the project. It will also be necessary to move away from State implemented and managed projects to community owned and managed projects. Accordingly, the Swajaldhara concept, which had a limited provision in the 10th Plan of 20 per cent of allocation, would need to be upscale so that more and more schemes are community manages, reducing the maintenance burden and responsibility of the State. The Twelfth Finance Commission funds for this purpose would need to be fully utilised by the states.

Sanitation

Rural sanitation coverage was only one per cent in the 1980s. With the launch of the Central Rural Sanitation Programme in 1986, the coverage improved to four per cent in 1988 and then to 22 per cent in 2001. The programme was modified as Total Sanitation Campaign in 1999 changing the earlier supply driven, high subsidy and departmentally executed

programme to low subsidy, demand driven with emphasis on hygiene education. 540 districts are covered under the programme and the coverage is expected to increase to about 35 per cent by the end of the 10th Plan.

It has become obvious that lack of sanitation is directly linked to a number of waterborne diseases and that unless 100 per cent coverage of the community is achieved with proper solid waste management, its impact on health indicators do not become visible. Since the subsidy regime in the current programme is only for BPL families, APL families will have to be motivated to switch over from open defecation to use of toilets to achieve full coverage. The Information, Education and Communication (IEC) campaign will thus receive increased attention in the 11th Plan. The cost norms for individual household toilets are being revised and a solid waste management component being included in the programme. With these measures and focused IEC, the coverage is expected to increase significantly in the 11th Plan. Linkage of rural sanitation with the rural health mission has also been now recognised as a necessity and required steps are being taken. The Nirmal Gram Puraskar, a reward scheme for 100 per cent defecation free communities has been a motivating factor and is picking up momentum as can be seen from the number of communities competing for the Puraskar. It is expected that with allocation of required funds in the 11th Plan, the MDG goal can be met by 2010 and full coverage achieved between 2012-2015.

Rural Housing

Provision of housing and clean habitation has been sought to be provided through Indira Awas Yojana (IAY) in rural areas. The Bharat Nirman project recognises rural shelter as one of the critical infrastructure that needs to be created. Analysis of census data on shelterless reveals that housing shortage is restricted to a few States in the country in the central and eastern parts. The programme guidelines have been revised to provide primacy to shelterlessness while making allocations among States. The 11th Plan would continue to provide greater resources to the States to assist rural poor in constructing houses under IAY. Research studies indicate that ownership of even small plots of land along with house sites not only enhances a person's self-esteem and prestige, it also goes a long way in improving his bargaining position. Improvements take place in the nutritional status as the plot attached to the homestead is used for growing vegetables and fruits. Government would seriously consider provision of

homestead land alongwith the house sites as a part of IAY for totally shelterless and landless in the 11th Five-Year Plan.

Infrastructure: Essential for Functioning

The Bharat Nirman Programme is to provide rural infrastructure in a time bound manner. The goal is to electrify all villages and in them BPL households, connect all villages with a population exceeding 1000 (500 in hilly regions) with all weather roads and telecom connectivity by 2009. The RGGVY operated by Ministry of Power provide electricity to 1,25,000 villages not yet connected to the grid and connect 2.13 crores BPL households. MNES's village energy security programme will connect the estimated 25,000 remote villages not easy to connect to the grid. Involvement of local franchises is envisaged for the management of local distribution. The PMGSY will provide road connectivity. The names of villages electrified and villages connected by all weather roads will be publicised to ensure accountability.

Expanding Opportunities and Bridging Divides

Employment generation and increasing livelihood opportunities help income and expand opportunities for people to increase their well-being. Rapid growth with appropriate policies that stimulate growth of labour intensive sectors can generate substantial employment and attract workers away from agriculture. However, growth of agriculture is important as bulk of our people still live in rural areas and depend on agriculture. The 11th Plan will take policy measures to stimulate growth and particularly agricultural growth in a way that encourages employment creation. While with high growth eventually people can rise upto better paying employment and income earning opportunities. This may take time and one needs short-term measures for providing employment.

Labour force continues to grow at a pace higher than the work force resulting in increase of incidence of unemployment by nearly two percentage points during 2000 - 2004 (Table 3).

To increase the employment intensity of economic growth, focus will be on investment in, and output from the labour intensive sectors. In the 10th Five-Year Plan, many significant initiatives have already been taken in the shape of policies and programmes to promote growth of labour intensive sectors. These include policies to promote agricultural and allied activities, food processing industry, textiles and small & medium enterprises.

Table 3: Unemployment Rate

	(per cent of labour force)		
	1994 ^(a)	2000 ^(a)	2004 ^(b)
Unemployment Rate ⁽¹⁾			
All Persons	5.99	7.32	8.99
Rural Male	5.62	7.18	9.07

Note: (a) Large sample rounds of NSSO centred at January 1 of the year; (b) Small Sample six months' duration (January to June) round of NSSO centred at April 1; (1) Current daily status basis.

So far the positive impact of economic policy initiatives on employment have been largely confined to sectors such as IT, Telecommunication Services, Financial and Insurance Services, Travel Services linked to Civil Aviation and Rail Transport etc. In these sectors the Central Government has taken the initiatives that induced more investment and created employment. The educated youth have benefited, particularly. To promote growth of labour intensive sectors, the State Governments have to implement a number of changes in State and local level policies.

Labour Market Policies

In the changing economic scenario, global, as well as, national, we have to give a fresh look to our labour legislations. Appropriate changes in the labour legislations will be made consistent with the requirements of our growing economy. Already the gains in terms of creation of new employment opportunities are visible for the youth in the export parks, IT parks and other areas where special economic benefits have been provided. Any labour law regime that seeks to protect the interests of those who are employed on short-term basis cannot be based on the existing shape of the Contract Labour Regulation & Abolition Act.

Social Security to Unorganised Workers

The National Rural Employment Guarantee Scheme provides some security to workers as it makes 100 days of employment a right.

Special efforts are also needed to see that backward regions grow faster and the disparity among regions and among urban and rural areas reduces.

The strategy for rural development will rely on decentralisation, stakeholder involvement in decision-making, as well as, executive and financial power to the PRIs. Two major programmes are important here.

National Rural Employment Guarantee Act

Wage Employment Programmes that provide income to agricultural workers in lean agricultural season have been an important plank of anti-poverty strategy. These programmes have also helped in creation of rural infrastructure that supports further economic activity. The National Rural Employment Guarantee Act (NREGA) has been enacted to provide guaranteed employment for at least 100 days to every rural household. NREGA, initially to be implemented in 200 districts, is to be extended as per the Act to the entire country over a five-year period. NREGA provides a unique opportunity to channelise resources for development of land, water and promote rural connectivity in conjunction with *Bharat Nirman*, *Backward Region Grant Fund* and other infrastructure projects in rural areas. This is a revolutionary act that for the first time employment is made a right. The programme was launched on February 2, 2006 in 200 selected districts with equal wage for man and woman. The employment cards are to be issued to the Panchayat in an open gram sabha. Also the projects are to be selected by the Panchayat so that they are relevant to the needs of the community. Detailed guidelines have been issued to ensure that projects are well-prepared and properly executed. Projects under other development schemes will also be used for providing employment under the scheme so the convergence of different programmes take place to get synergy. If the government fails to provide employment within 15 days of asking, the registered worker will be compensated. With this programme the 11th Plan will rapidly reduce significantly poverty in the country.

Self-Employment Programmes

The programmes that enable people to take up self-employment ventures in the rural areas can contribute to the long-term solution to the problem of persistent poverty. The government's strategy for promotion of self-employment ventures has evolved over the years. It currently relies on formation of self-help groups to empower rural communities and enable them to take up economic activities. Many departments in the Government of India implement schemes that provide assistance to self-help groups. These programmes are implemented through ministerial guidelines which vary in scope, content and implementation mechanism. This has created overlap, as well as, inefficiency in the system. The 11th Plan would seek to harmonise self-employment programmes implemented by different Ministries and implement an integrated self-employment programme that cuts across ministerial boundaries. The programme would also have a special component for training and capacity building of educated

unemployed youth, a problem which has assumed serious proportions especially in the southern parts of the country. The problem of educated youth in the rural areas needs to be tackled with greater vigour. It would be one of the priorities of the 11th Five-Year Plan.

Balanced Regional Development

The balanced regional development has an important plank in our quest to address problems of poverty, backwardness and low human development. The various instruments including fiscal incentives, industrial policies and directly targeted programmes have been implemented to address the issues of regional imbalance, both, in terms of economic and human indicators. There has been evidence of some convergence in educational and health indicators across the States. The gap between the better performers and the poorer States has narrowed marginally. This calls for greater attention to backward States so that the health and educational outcomes in the poorer States register an improvement. Sarva Siksha Abhiyan and National Rural Health Mission have already put the institutional architecture in terms of schemes in place. The States would have to be supported to improve their governance to deliver these services more effectively. Unfortunately, the evidence on economic equality between different regions presents a mixed picture. Over the Years, the gap between the higher per capita income States and the lower per capita income States has increased. With greater reliance on market forces and integration of the economy with world economy, many regions have experienced rapid growth. The decline in investments in agriculture and irrigation has impacted on productivity of agriculture. This has adversely affected States such as Uttar Pradesh, Madhya Pradesh, Orissa and West Bengal, which account for bulk of the rural poor.

The availability of infrastructure is negatively co-related to incidence of poverty. The States with high incidence of poverty are also the States with low levels of infrastructure development. The 11th Plan thus concentrates on creation of infrastructure to promote balanced regional development.

Development of Rainfed and Degraded Areas

The thrust of agricultural development in the past has been on ensuring food security of the country. Greater attention was provided to areas, which could quickly increase productivity and output. The Green Revolution was confined to areas in the north-west and coastal parts of the country. The productivity in the Green Revolution areas has plateaued.

The green revolution covered only 1/3rd of the country's cultivable area. Two-thirds of cultivable area falls in the rainfed zone. These areas belong to arid, semi-arid and sub-humid zones. Mono cropping low input use and low productivity characterise the agricultural operations in these areas. The national agricultural research system has not been able to make breakthroughs in crops suitable for rainfed farming. In view of the limitations of the intensive input based agriculture, the future food security of the country critically depends upon productivity enhancement in rainfed areas. The second Green Revolution that has been talked of over the years has to provide for the requirement of rainfed agriculture. Specific attention has to be provided to making small and marginal farmers in these areas economically viable by provision of appropriate seeds, other inputs, marketing linkages and credit support.

A number of schemes are currently under operation on watershed basis, which seek to conserve water and soil and enhance bio-mass production. Greater attention needs to be given to differential needs of agro-ecological zones, for which appropriate farming practices need to be evolved and extended to the farmers in these areas. The Government has already announced establishment of a Rainfed Area Authority to undertake some of these functions. The 11th Plan, therefore, needs to target the rainfed areas with a composite development Plan which comprises of crop husbandry, horticulture, animal husbandry and other related livelihood options.

Under this backward area development fund 200 most backward districts are given special grant of Rs.30 crores to undertake development works in the district. Once again the money will be given to PRIs directly once a district development plan is prepared and approved.

V Conclusion

The portfolio of projects that address various dimensions of poverty have taken a fairly concrete shape and need to be implemented with greater vigour in the 11th Five-Year Plan. The success of these programmes would ultimately depend on their efficient delivery. The role of Panchayati Raj Institutions (PRIs), Non-Governmental Organisations (NGOs) as also the Community Based Organisations (CBOs) assumes critical importance in this regard. Governance reforms that encourage the government structures to be more responsive to peoples' aspirations need to be strengthened. An institutional architecture in the shape of PRIs, passage of Right to Information (RTI) Act and social audit has already been put in place. Internet is now widely need to inform citizens of projects and

programmes. E-governance is also being widely promoted. It is necessary to build capacity of the various stakeholders to participate effectively in the governance process and demand accountability from the Government institutions. Policies that strengthen these institutions would be promoted in the 11th Five-Year Plan. With these, we can have a more inclusive development that will significantly bridge the divides and reduce disparities.