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**The Political and Social Economy of Care:
India Research Report 1**

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I Economic policy and political trends

In 1991, India adopted a pro-market process of economic liberalization. The process had begun by 1985-86, though it was in July 1991 that the sharp shift in the economic policy regime was officially enunciated. The earlier Nehruvian model of a planned 'socialist' economy resting on state investment in infrastructure and industry, import substitution, subsidies to and protection of both the public and private sectors had been supported by the capitalist and middle classes in India (see Nayyar 1989: 164-67 on the Bombay plan) as well as a wide range of political parties. It had been viewed as necessary for the process of nation-building of the newly-independent country in a context in which the global economy was dominated by a handful of countries, as well as to provide the basics of livelihood to its citizens in a predominantly agricultural economy. The five-year plans, encapsulating government policy and directions of state financing in various social and economic sectors, were decisive exercises. Along with industrialisation, the 'green revolution' rather than land reform, and the Public Distribution System were critical in dealing with what had become endemic agricultural and food crises. While the welfare regime was minimally developed in terms of social security measures, education, health, economic development in both industry and agriculture, and anti-poverty measures were variously articulated as state responsibilities. Not only had this policy model enabled the growth of an educated, technologically skilled, and professional middle class which could compete globally, it had enabled the relatively small and young entrepreneurial class to establish itself, providing a base for all future economic development, even as India's democratic system took root. At the same time, levels of unemployment and underemployment remained high into the 1980s, simultaneous with high levels of overwork, child labour, poverty, and rural indebtedness and very low wages and labour productivity. Inequality between regions and of caste, gender, and class seemed not only to persist but in some ways increase.

From 1985-1991, LPG policiesⁱⁱ, as liberalization-privatisation-globalisation came to be known in India, negated this earlier policy model. An immediate balance of payments crisis, engendered by earlier loans taken from the IMF, made the Indian state vulnerable to the pressures of the neo-liberal agenda which pervaded international financial bodies. This crisis was also taken to suggest that earlier volumes of state investment were neither an economically sound policy nor sustainable. In a dramatic shift from the earlier political and economic consensus, the capitalist and large sections of the middle classes as well as major centrist and rightist political parties attempted to construct a new consensus in keeping with the neo-liberalism which was gaining sway the world over. The 'free market' policy was marked by changes such as liberalisation of the internal regulatory framework for the economy, the scrapping of the import substitution imperative and reduction in tariff rates, emphasis on export-orientation and adoption of appropriate exchange rate policies, divestment and privatization of public sector enterprises, and the entry of foreign investors into the hitherto protected sectors of the economy. The logic of reform was premised on the assumption that "both deregulation and external liberalization spur private investment, that curbing public investment is beneficial for aggregate growth because otherwise it tends to 'crowd out' private investment and that private agents acting on their own will deliver both more efficient and more dynamic outcomes" (Chandrasekhar and Ghosh, 2002:44). Pro-market reforms represented not only a move towards limiting state intervention in the economy and further integration into the global economy, it also signified a withdrawal of the state from the social sectors like health and education. While many had long said that state budgets in these sectors had not been anywhere near what was required, the 'new' policy model and logic now advocated minimal direct state intervention in both the economy and the social field. Care issues, which had figured only in terms of welfare and/or social justice, were now of even lesser priority.

The premise of the new policy model is that economic growth is to be its lynchpin, along with which two prognoses are argued, based on a reincarnation of the "trickle down" model. One is that if the economy is larger in terms of higher GDP, there will be more jobs and more income to

distribute, so that even without any step towards redistribution, poverty would decline. The second is that synergies will emerge such that earlier structures and relationships will be shaken by sheer economic gain and possibilities. Thus, issues of caste, class or gender structures and inequalities need not be tackled by the state/government for the dynamics of growth would make them irrelevant or loosen them. These prognoses seem to have held elements of truth, but not in the manner in which the advocates of the neo-liberal economic reforms admit to.

The substantial jump in middle class incomes, though nowhere near paralleling the jump in corporate profits, has dominated the public discourse. To this are linked three very visible features of the contemporary Indian economy and society. One is the vast expansion in the availability and consumption of household appliances, durables, and non-food items among the urban, middle class. Thus, according to a Global Retail Development Index report of Kearney, modern retail formats such as shopping malls, supermarkets, and hypermarkets grew in India by 25-30 percent in the last year. This expanding 'mall culture' and retail sector is reflected in the second feature - the expansion in the mass media, both print and satellite. Thus there has been an increase in the number of households with television sets from close to 10 lakhs in 1980 to around 12 croreⁱⁱⁱ households currently (Planning Commission 2001). The expansion in the print media is linked to the third feature - the growth of literacy levels and education-linked white collar employment aspirations. Both the growth in the mass media and in education are also indicative of the wider base and availability of various types of 'knowledge'. Along with the leap in mobile telephony - expected to reach 50 crores phones soon (Department of Telecommunications 2006) - these features are presented by advocates of the growth model as evidence of the inclusive, democratizing, and wide-ranging impact of liberal market reforms. Certainly, knowledge of middle class and elite values, gender and status models, life styles and consumer aspirations have become widely and visually available, going much beyond what (cinema and) school education curricula which also carried Hindu, middle class, caste mores were able to do. However, the hiatus between the knowledge of possible lifestyles, affinity with them, and the availability of livelihoods to attain them may have also increased.

Critics point out that rather than disappearing, the paradox of two Indias, a trope and an analysis long part of the country's imagination, has deepened, but that this paradox now receives less recognition in the policy agenda and public discourse. India "shining", the only India recognised in much of the media, is concentrated in the urban centres and upper middle classes (read also largely Hindu, upper castes), who buoyed by the burgeoning service sector enjoy living standards comparable to any industrialized developed country in the world. The other face of India is the rural hinterlands where more than 70 percent of the population reside, finding it increasingly difficult to meet their basic ends. Whether the proportion below the poverty line has reduced is much debated, but the agricultural crisis and stagnation, declining nutrition levels, distress migration, decline in rural jobs and livelihoods is evident. The increasing commercialisation and privatisation of education and health are differentiating access to these services. Yet, issues of social transformation, social justice, and the quality of life of the poor are pitted against the demands of a 'modern' and growing economy. Continuing disparities and inequalities, oppressions, and lack of 'choice' in social and economic relations, between social groups and the devaluation of 'non-marketed' labour are denied.

The approach paper to the 11th Plan of the Planning Commission (2007-2012) admits to the fact that "large parts of the population are still to experience a decisive improvement in their standard of living" (Planning Commission 2006:1) as was also recently acknowledged by the Prime Minister. Though the approach paper says little that is new in this regard, the renewed acknowledgement of these concerns is important. It notes the greater need to include communities like Scheduled Castes^{iv} and Scheduled Tribes^v, who have so far been marginalized and constitute the bulk of the poor in the country. The exclusion of the scheduled castes and tribes, minorities and women is to be

addressed in the plan through special programmes and schemes. The plan suggests that a more inclusive growth policy addressing the disparities between the rural and urban sectors, the rich and poor states and the between the poor and non poor groups is required. However, the approach paper fails to specify clearly defined goals and the measures to be adopted to achieve the desired results. Economic orthodoxies of growth and the trickle-down theory persist. The social sector and concerns about social relations and social justice remain add-ons, which will resolve themselves as the economy expands. Rather than social and economic transformation, the model is that a “faster” growth will lead to a more “inclusive” growth. The structural barriers to the enjoyment of economic rights, resources, and livelihoods, including caste, gender, regional disparities, and religious discrimination are not treated in their own right.

Political trends

Before looking more closely at the economic, social and demographic trends over this period, it is necessary to place them in the context of both the policy of economic reforms and the marked political trends of this period. Causal links may be debated, but these latter trends and the LPG policies are intertwined in their impact on the social, familial and economic life of households, groups, and communities.

That India was among the few nations emerging from colonial rule in the middle of the twentieth century that maintained an electoral democracy, institutionalised the rule of law, civil and political liberties, a free press, and vibrant civil society organisations has oft been noted. Another significant feature of the polity was that the formal equality of a liberal constitution was sought to be concretised in “substantive equality” measures of positive discrimination. Decentralisation through democratically elected bodies was also legislated and is now institutionalised in most provinces, with a quota for elected women representations in local bodies. Many of the political parties who worked these democratic institutions, however, including local units of the Indian National Congress, did not question local caste, community or gender structures of rule. Rather, they mobilised links of patronage and community loyalty, such that these civic rights did not translate into economic rights or equality. Effective channels for claiming decent livelihoods and social welfare for the majority did not take root. Thus, for example, in the response to the starvation deaths in Kalahandi, Orissa, the endemic poverty was ‘misread’ by the state as a problem of drought requiring only emergency relief and at the most institutionalised charity rather than long-term measures to enhance livelihoods and entitlements (Joyal 1999).

The redistributive failures of Nehruvian economic policies had been highlighted by many political movements from soon after Independence. The seventies to the mid-eighties in particular were marked by protest movements and popular struggles of women, Dalits, Adivasis and various sections of the working class and middle class employees in which social issues were also raised (Velaydhan 1985). While many of these organisations and movements continued or were revived periodically, some of them became institutionalised in the form of non-governmental organisations. The latter have grown in number and spread exponentially in India. Some observers have read this as a strengthening of civil society and democratic processes, and others have argued, as with reference to publicity around the Kalahandi starvation deaths, that the voicing of protest was on “behalf of, rather than by, the affected people” (Joyal 1999: 95). The paradoxes of this democratic process were expressed most recently in the confrontation between elected representatives to local bodies in Rajasthan and right-to-information/employment activists who were castigated as “outsiders” by the former.

Provincial governments led by political parties other than that ruling at the centre had periodically been elected, ranging in their politics between socialist and populist, with a varied agenda of social and economic reform. However, the economic failures combined with democratic processes also

saw the growth of another stream of politics. From the mid-eighties, identity politics came to the fore. The Khalistan movement in the Punjab, the growth of the Hindu Right and Hindu communalism as well as religious fundamentalism of all types, including among Muslims and Christians; mobilisations of caste grouping, including the upper and various middle castes oft pitted against each other; and regional autonomy movements surfaced. Starting from the evidence of uneven development, they reified 'primordial' identity, tradition, culture, and particular gender constructs. Political parties based on a particular social group or ascriptive identity or which mobilised overlapping identities emerged. These included religion, caste, region, and ethnicity based parties.^{vi} Even older centrist parties such as the Congress and various left-of-centre socialists groups did not remain untouched in this.

While some of these parties have been in existence in one form or another for a long time, along with non-party, identity-based formations they now have a much greater influence on social and political discourse than ever before. It is also imperative to note that parties of apparently opposing identities have come to power at the centre and in various states, not in opposition to each other but in coalitions. This requires some explanation, important in understanding possible directions of policy. Though the caste roots of these identity-based parties are vastly different, they have their roots in the emergence of regional elites and middle classes that earlier Nehruvian economic, employment and education policies enabled, a position which such groups may wish to restrict access to. The apparent disarray at the political level belies the fair degree of agreement there is among them on pro-liberalisation economic policies which are posited on the "growth failures" of Nehruvian economics. It is evident that only the alleged or actual discriminations tied to the particular social identity on which any of these identity-based groups/parties are premised, be it caste, religion, or region, are tackled by any one of them. It is only when their particular electoral base is threatened that specific aspects of the model of the market and the non-interventionist state are questioned. Most of them display a strong resistance to the introduction of quotas for women in the provincial and national legislatures.

In any case, the centralised federal structure of the Indian polity ensures fiscal control to the central government, which decides policy in areas such as industry and income tax, leaving agriculture and the social sector, including education to the states. The latter have few taxation and policy options. This is also true of those state governments ruled by parties of the left who argue against pro-market policies and for greater state investment in infrastructure, education and the social sector. Thus, the widespread, production-based, cooperative movement which the communists in Kerala had built has been undercut by the central government's import policy, which continues to undermine local producers. The dismantling of the public sector has meant a decline in the incomes of state governments, which has combined with curtailments in allocations and tight budgetary controls (see section III). In the last general elections, the plank which celebrated the neo-liberal, Hindu-nationalist agenda was defeated. A coalition of parties formed the government, consisting of the 'secular', neo-liberal party, the Indian National Congress, and various centrist, regional parties, which depended on the outside support of the communist left for its majority. Under the pressure of the last, measures such as the National Rural Employment Guarantee Act were introduced, but on a limited scale in both coverage and implementation of its clauses. Yet, while there is an active political and social discourse and movements questioning present economic policies even within official circles, the neo-liberal agenda continues to drive these policies and issues of work, care, and gender are marginal within them.

II Economic, employment and labour trends

Economic policy and Growth rates

Since growth rates have been critical to the policy model of the last 20 years, we look at them before turning to labour and employment patterns. It is only in the last few years that growth rates have reached anywhere near the hoped-for rates. During the 1970s, India's GDP growth rate was 3 % per annum. This went up to 5.7 % during the 1980s, further to 6.2% during the period between 1991-92 to 2004-05 (Jha and Negre, 2007), reaching an all-time high and indeed impressive rate of 9.4% in 2006-7. Chandrashekhar and Ghosh (2002a), however, basing themselves on the 2001 revised estimates of the Central Statistical Organisation posit a rate of 5.2% for 2004-05. A major thrust of the neo-liberal strategy was to tighten government expenditure and reduce government deficits. While agreeing that the 1980s pre-reform growth rates, based on public borrowing, were unsustainable, Chandrashekhar and Ghosh (*ibid.*) argue that the deceleration in growth is crucially linked to the decline in the public investment. The latter, from accounting for more than half the GDP in the 1970s, accounted for only 28% of capital formation in 1999-2000. This was also reflected in the decline in aggregate savings, including public and private corporate savings. Total public expenditure as a percentage of the GDP declined from 17% in 1990-91 to 13.8% in 2006-07 (*Economic Survey 2006-2007*, Government of India Ministry of Finance, New Delhi Page 21), while the government deficit declined from 6.6% to 3.6 % over the same period. The above suggests an inherent contradiction in the neo-liberal agenda in India between cuts in government expenditure and an emphasis on growth.

Over the 1990s, the growth rate fell in both the primary and the secondary sectors. In food grain production there was a decline in the output growth rate to 1.75 percent per annum, lower than the population growth rate of 2.9 percent for the same period. The Index of Industrial Production (IIP) which stood at 7.8 percent between the period 1980-81 and 1989-90 fell to 6.7 percent between 1990-91 and 2000-01.^{vii} Even one of the chief proponents of the reform programme, Montek Singh Ahluwalia, currently Deputy Chairman, the Planning Commission, has acknowledged that the reforms "were expected to generate faster industrial growth and greater penetration of world markets in industrial products but performance in this respect has been disappointing" (Ahluwalia 2002: 67). The unorganised/informal economy has retained its pre-eminence.

Table 1: Sectoral and Aggregate Economic Growth in India (per cent per annum)

Sector	1980-81 1990-91	to	1991-92 2004-05	to
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