

“[E]ntrenched class interests and social inequalities rooted in religion, caste, and gender have made the transition slow and uncertain.”

India's Welfare State: A Halting Shift from Benevolence to Rights

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India has long had poor and slowly improving development indicators. After three decades of robust economic growth, what does its welfare architecture currently look like? Setting aside health and education, there has been an attempt, especially in the first decade of this century—if

Ways of Governing

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only half-hearted—to develop a “cradle to grave” framework in India. Different interventions aim to protect different demographic

groups: a school meals program and an Integrated Child Development Services scheme that recognizes the interconnected education, health, and nutrition needs of children under six; cash support for pregnant women; a workfare program for the able-bodied; social security pensions for the elderly. A food subsidy program, the Public Distribution System (PDS), provides grain to two-thirds of the population at a token price.

These programs of social support mix cash transfers with in-kind benefits. Most of the interventions are at least three decades old, but there has been a gradual transition to basing them on legal rights instead of running them as programs whose continuation is subject to the policy preferences of each succeeding government.

I will focus on four important questions concerning the direction of social policy in India, using a different program to illustrate each debate. First is the fundamental question of whether welfare should be viewed as a matter of state benevolence or as a right. I argue that the rights perspective is the right perspective. Tracking the arduous journey to making child support the norm reveals deep hostility to this view in certain influential circles.

The second question is whether transfers should be universal or targeted. This debate is reflected in the National Rural Employment Guarantee Act (NREGA), a self-targeted workfare program—that is, one designed in such a way that only those in need of government support come forward, dispensing with the need for an administrative mechanism to identify the poor.

Third is the question of whether social support is most effectively delivered in the form of cash transfers or in-kind benefits. This has played out most explicitly in the case of the PDS, the country's most extensive food security program.

Finally, does the use of new technologies to administer welfare programs make them more efficient, or does it serve corporate interests and make such programs more exclusionary? Looking at the Aadhaar project, a biometric identification system that endangers not just welfare provisions but also democratic practice as we know it, is perhaps the most useful way to examine this question.

A NEW FRAMEWORK

Mai-baap sarkar (“lord and master,” loosely translated) is a derogatory Hindi expression often used to describe an outdated mode of governing that persists in India. The state was (and often still is) viewed as lord and master of the people. The commonplace image is that of a citizen as supplicant at the feet of the state. In this style of governing, any redistribution of resources is based on the whims of the lord and master, and viewed as an act of state benevolence.

This is in stark contrast to more modern ways of governing, whereby redistribution is regarded as the duty of the state and the right of the citizen. That is the vision enshrined in the Indian Constitution, which took effect in 1950. But for much of

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the 70 years of independence, a *mai-baap sarkar* attitude has prevailed.

Between 2004 and 2014, two successive United Progressive Alliance (UPA) governments, headed by the Congress party, passed several major measures to reach the goal of a rights-based welfare system. Laws such as the NREGA, the National Food Security Act (NFSA), the Right to Education Act, and the Right to Information Act, along with the Land Acquisition Act and the Forest Rights Act, were enacted to secure basic socioeconomic rights.

Oddly enough, these moves away from ad hoc welfare measures toward a rights-based approach were often characterized by the Indian media as a manifestation of the government's purported *mai-baap sarkar* attitude. Critics claimed that the new laws create dependency and amount to mere handouts. In fact, these laws are the opposite of a *mai-baap sarkar* regime. They guarantee people basic rights independent of a particular government's commitment to social and economic justice.

Although India is still a laggard on that count, even among poor countries (at least in terms of spending), these initiatives faced shrill opposition from the privileged classes, to which much of the Indian media belongs, especially the business press. The right-wing Bharatiya Janata Party (BJP) came to power in 2014, and its commitment to welfare is weaker than the Congress party's.

THE SCHOOL MEALS DEBATE

The evolving debate on the provision of school meals is a prime example of the halting and difficult transition from a *mai-baap sarkar* attitude to a rights perspective. Mid-day meals (MDMs) for children 6 to 14 years old were among the earliest welfare programs to take root in India. The MDM scheme was adopted by the central government in 1995, based on an initiative by the southern state of Tamil Nadu that started in the 1950s and was extended to all children in the state in the 1980s.

Until a 2001 Supreme Court order requiring cooked meals to be provided in all primary schools by July 2002, most states tried to get away with distributing "dry rations" for children to take home. In response to the ruling, although nothing was in place—kitchens, utensils, cooks, helpers—states began trying to provide cooked food. In Rajasthan at that time, I found teachers and students

fetching water and firewood to cook meals of salty or sweet boiled wheat. The participation of children and teachers in meal preparation due to the lack of infrastructure drew critical press coverage that raised pressure on state governments to act. Slowly, things fell into place—cooks and helpers were hired, kitchen sheds constructed, and drinking water facilities set up.

Most activity in the first ten years following the court order was focused on such first-generation issues in establishing regular provision of cooked meals for students. By the end of this period, MDMs had become the norm. Data from 2015–16 suggests that by then, coverage was almost universal (98 percent) for children in public and government-aided schools.

School meals can reduce undernutrition. They also play an important role in ensuring enrollment, regular attendance, and learning. Classroom hunger had long been the reality in India—and what can a hungry child learn at school? Thus, MDMs are essential to improving education.

Some of the gender and caste aspects of school meals are worth highlighting. Sending a child to school each morning can be a task in itself. If schools serve meals, it makes the lives of working mothers that much easier. School meals also play

an important role in the creation of a sense of unity in society. When the bell rings, children wash their hands and plates, line up to be served, and then eat together. Each of these activities is significant. Washing hands and plates is a basic lesson in personal hygiene and health education. And when children share food, they learn an important lesson about democracy: we are all one. This lesson cannot be overemphasized, since the firm grip of caste is still felt in Indian society.

It is therefore surprising that a significant and vocal minority in India is not yet convinced of the program's importance. When implementation hurdles are highlighted, the initial reaction from some influential quarters is often to question the need for mid-day meals rather than think about solutions.

Whether in Tamil Nadu in the 1980s or Rajasthan in the early 2000s, efforts to regularize mid-day meals faced stiff opposition and derision in the mainstream media. When teachers and children were involved in cooking, rather than suggesting the obvious—budgetary allocations to hire cooks

The NREGA program has provided employment to millions of households.

and helpers—some asked whether it was wise to continue with mid-day meals if they were hindering educational activities. This undercurrent of support for discontinuing the program gets louder when things go wrong—and sometimes they do go seriously wrong. In 2013, 23 children died as a result of consuming a contaminated meal in Bihar, one of the states that have been slowest to provide school meals and adequate facilities to prepare them.

The debate over including eggs in the school menu is an important illustration of the fraught transition to a rights-based regime. In the past decade, advocates have emphasized improving the quality of school meals. Apart from providing nutrition to India's many protein-starved children, eggs are attractive for other practical reasons. They do not spoil as easily as other sources of animal protein (such as milk), cannot be diluted (unlike lentils or milk), and are more protein-dense than other foods.

Tamil Nadu, a leader in the field of social policy, provides a daily egg to schoolchildren. Odisha, considered a laggard until recently, provides eggs five times a week for 3-to-6-year-olds in government preschools (*anganwadis*) and twice a week in schools. In fact, eggs are on the menu of preschools and schools in most southern and eastern states. Yet in several northern Indian states, a small but vocal upper-caste lobby opposes adding eggs to school menus. In Jharkhand, a state with high rates of child undernutrition, eggs were discontinued after the supplier was accused of corruption. The bureaucrat in charge failed to find an alternative and, citing flimsy excuses, has stalled on reintroducing eggs for nearly a year.

The resistance to eggs exemplifies the *mai-baap sarkar* mentality, which considers school meals a matter of whimsical state benevolence, rather than a policy based on reasoned arguments for a child's right to nutrition. On a recent visit to a few *anganwadis* in the southern state of Karnataka, however, I was pleasantly surprised to hear that mothers who belong to vegetarian castes were urging teachers to ensure that their children eat their eggs. Rising nutritional awareness sustains hope that reason will prevail over illogical social norms and practices.

There is a related reason for the halting transition from a *mai-baap sarkar* to a right-based regime. In many respects, the struggle for greater redistribution and dignity for all in India is similar to such struggles elsewhere. Yet caste still distin-

guishes India from other countries. B. R. Ambedkar presciently warned, "On the 26th of January, 1950 [when the Constitution took effect] we are going to enter into a life of contradictions. In politics we will have equality and in social and economic life we will have inequality." Ambedkar, trained as an economist, was the primary framer of the Indian Constitution, and happened to be a Dalit himself.

The enduring and still firm grip of caste is not adequately acknowledged by the holders of power in India, who are still largely members of privileged castes. Even the extent of their dominance in most institutions is not fully recognized. To the extent that it is, their preferred narrative portrays their privilege as based on merit, rather than on centuries-old caste rules that denied Dalits (the caste formerly labeled as untouchables) basic human rights—to education, free movement, and more.

The need for affirmative action policies that could remedy these inequities is questioned by public intellectuals who somehow manage to pass as liberals. Meanwhile, Dalits continue to face discrimination and violence. In recent incidents, some have been beaten up for transgressions such as sporting a moustache, riding a horse in a wedding procession, or watching a folk dance in a public setting. It would be impossible for me to do justice to their struggle, being neither a Dalit nor an expert on caste, but their battle for recognition of their rights is an onerous one.

UNIVERSAL OR TARGETED BENEFITS?

Officially called the Mahatma Gandhi National Rural Employment Guarantee Act, NREGA was enacted in September 2005. It promises up to 100 days a year of employment per rural household, at the minimum wage (which is set by state governments)—the national average is now around 200 rupees per day (\$2.70). Any adult who demands work is entitled to get it within 15 days of asking. If the government fails to provide employment, applicants can claim an unemployment allowance. Unfortunately, in practice, the demand-driven aspect and the unemployment benefit have not been widely taken up due to limited awareness, possibly as a result of deliberate government policy.

Beyond the promise of employment, NREGA has other noteworthy features. It sets a mandatory minimum share (one-third) of jobs for women; work is to be provided within five kilometers of one's residence; at least half of the funds provided under the law must be spent by elected local councils, which

are also supposed to select and prioritize projects; there are strict rules for transparency and accountability; and workers are entitled to basic facilities such as drinking water and shelter from the sun.

Furthermore, the law calls for providing employment geared to the creation of productive assets such as roads, water-harvesting structures, contour trenches, and projects on private land like leveling or well construction. Although NREGA is primarily perceived as a social security program, it can also play an important role in rural transformation. There have been some achievements thus far, but many hurdles must be cleared before the program's full potential can be realized.

The NREGA is a useful example to consider in the debate on universal versus targeted transfers. If one views social support as a matter of rights, universal programs are desirable. Yet, since universal transfers are often deemed unaffordable, targeting is seen as an alternative to achieve affordability as well as equity. (Why give to those who are better off?) On the other side, following the pioneering British social policy expert Richard Titmuss, the eminent Indian economist and philosopher Amartya Sen has made compelling arguments in favor of universalism on the grounds that “benefits for the poor end up being poor benefits.” In other words, when services are targeted for the poor, their quality tends to suffer, since they are seen as a public burden.

The offer of employment through NREGA is universal for rural adults, yet it automatically selects out the non-poor. Given the conditions of hard physical labor coupled with a basic wage, the government often steps in only as an employer of last resort. This is an important feature of the program's design; flawed identification of beneficiaries has been the undoing of many other welfare initiatives. The “self-targeting” design has earned NREGA the support of many economists. It helps sidestep the debate on universal transfers (that seem unaffordable) versus targeted transfers (that are discredited because of widespread targeting errors).

Primarily for this reason, NREGA draws support from people of diverse views, even those who would otherwise oppose such “doles” from the government. (Even the World Bank called it a “stellar” example of rural development.) The economic rationale for NREGA is based on the fact that while such interventions are necessary, India

does not have enough resources to implement a full-fledged “welfare” program (like the unemployment benefits widely provided in Europe). With “workfare” programs such as NREGA, the non-poor select themselves out.

It is not just a matter of program design. In practice, too, self-targeting has largely worked—over the agricultural cycle (during the sowing and harvest seasons, when farming work is available, many withdraw from the NREGA rolls), across geographical areas (employment levels under the program tend to be higher in poorer districts), and within population groups (the program attracts more people from vulnerable population groups such as Dalits, Adivasis, and women). There is one important caveat: poorer states have not always generated the most employment under the program, a reflection of their inadequate administrative capacity.

The program was meant to be demand-driven—it was assumed that people would know of their right to demand work. But due to low awareness, it did not happen that way. Instead, the program is supply-driven: when funds are available, the government opens worksites and offers jobs. This approach has resulted in high representation of disadvantaged groups.

Government data and studies corroborate these high participation rates, as economists Christopher Barrett and Yanyan Liu have found. Another economist, Laura Zimmerman, observed that “private-sector wages increase substantially for women, but not for men, and that these effects are concentrated during the main agricultural season.” Women participate in large numbers, especially in rural northern India, where they appreciate the opportunity to earn the minimum wage in their own villages. Wage employment opportunities outside of agriculture are scarce in this region; the best option is usually to work as a cook or helper in the school meals program.

Although NREGA is frequently cited in public debates as one of the most important social policy interventions in India, its cost has rarely exceeded 0.5 percent of gross domestic product. The program has provided employment to millions of households since the law establishing it took effect in February 2006.

As is common in India, controlling corruption has been an uphill battle; but with NREGA it has been a relatively successful one. According

*Efforts to regularize
mid-day meals faced
stiff opposition.*

to National Sample Survey data, the rate of discrepancies between official records and laborers' accounts of how much they had worked or earned on NREGA worksites declined to a 20–30 percent mismatch in 2011–12, compared with approximately 50 percent in 2007–8. Another 2011–12 survey suggested that only 4 percent of officially recorded workdays were inflated. More recent estimates are not available.

It is possible that separating the implementing agency from the payment agency (by depositing pay directly into workers' bank accounts instead of paying cash in hand) reduced corruption, but that the loss of transparency resulting from this arrangement opened a new door for graft. Program administrators may inflate the number of workdays and collude with laborers to share the extra pay.

CASH VS. IN-KIND BENEFITS

The Public Distribution System has been at the center of the debate over cash versus in-kind transfers. After the 2013 enactment of the National Food Security Act, the PDS covers two-thirds of the Indian population. Corruption has been a major issue in the program, but evidence from the past decade shows that several lagging states have been able to reform their PDS delivery operations and reduce leakages, even while some continue to struggle.

The debate over cash transfers has been simmering in India for over a decade. The second UPA government (2009–14) focused on replacing food provided through the PDS with cash transfers. More recently, the cash lobby has reinvented itself as a proponent of a universal basic income (UBI). Historically, UBI was seen as an idea of the left, whereas now (including in India) it has supporters on the right as well. Some libertarian technologists in Silicon Valley are funding UBI proposals.

The two key principles of UBI are universal coverage and a basic income that would allow a dignified quality of life even in the absence of other earnings. The UBI proposals that have emerged in India, however, are mangled versions of this ideal. Ideas presented in the Economic Survey (an annual pre-budget government report) and the Congress party's 2019 election manifesto both violated these two fundamental principles. Nor have other proposals by serious economists met the requirements.

The 2017 Economic Survey highlighted the conceptual strength of UBI by (rightly) pointing to India's abysmal record on targeted transfers. Yet it ended up proposing skimpy *and* targeted cash

transfers. Even such whittled-down proposals are expensive. The preferred options for creating fiscal space—such as by phasing out non-merit-based subsidies—fizzled when updated estimates suggested that they amounted to only 5 percent of GDP, not 10 percent as initially expected. Inevitably, attention has turned to axing the budgets for existing social support programs such as NREGA, PDS, and school meals. Yet recent research on these programs shows encouraging results—implicit transfers from the PDS reduced the poverty gap by one-fifth in 2009–10—so making a case for dismantling them is not easy.

Nonetheless, the Economic Survey devised a flawed measure of performance to suggest that these programs are failing. For instance, it declares the mid-day school meals program a failure by evaluating it through the narrow prism of targeting, even though the main objectives of school meals are improving enrollment, attendance, nutrition, learning effort, socialization, and more. Favorable evidence published in international peer-reviewed journals was largely ignored. Although there have been some implementation problems, the Economic Survey cherry-picked evidence to make a case for cash transfers.

It is not just the current political dispensation of BJP rule that has sought to make a case for cash transfers. During the Congress-led government's second term, when the NFSA was being debated, many development economists argued in favor of dismantling the PDS and promoting food security through cash transfers. Others warned that replacing food with cash would be unwise, for several reasons.

First, indexing for inflation to maintain the value of a cash transfer is not a trivial matter, given the poor quality of price data and the government's track record. Old-age pension benefits have remained unchanged for more than 12 years.

Second, markets are poorly developed in rural areas; if cash is pumped in, there is no guarantee that a perfectly functioning market for food will develop. What emerges could well be a monopolistic market, where people are left to the mercy of an exploitative trader.

Third, access to banks remains limited in rural India. While there has been some progress on making bank accounts more widely available, administrative capacity is overstretched, and the rural banking network is still sparse. People worry about high transaction costs to withdraw their money (such as the cost of traveling to the bank,

sometimes entailing repeated trips, and forfeited income if they miss work).

Also, the experience with other cash transfer programs has not been encouraging. Timeliness of payments has proved problematic, and there are inadequate provisions for redressing grievances over delays. Cash transfer experiments carried out in small pockets of the country have justified such concerns.

Since 2015, in Chandigarh, Dadra and Nagar Haveli, and Puducherry, which are all relatively developed and urbanized settings, the government has initiated cash transfers in lieu of grain distribution. An official evaluation is damning: in Phase 3 (early 2017), nearly one-fifth of entitled respondents did not receive *any* cash. In another small pilot program conducted at six PDS outlets in Chhattisgarh, one-fifth of the intended beneficiaries received no cash, while 70 percent experienced delays in getting their benefits. It was discontinued. In Ratu (a rural area in eastern India), the government reverted to providing food after its own audit found that cash transfers were irregular and unpopular.

In their latest incarnation, in policy recommendations made by economists who are conducting these studies and working closely with the government, cash transfers appear as part of a choice-based system, letting people decide whether they want food or cash. Given the complexities of implementation, this mixed system is likely to result in an even bigger mess than the cash transfer pilots.

Meanwhile, the value of other cash transfers, such as maternity entitlements and social security pensions, are eroding over time since there is no provision for inflation indexing. Application procedures are onerous, and the payment process has become unreliable due to recent changes in the financial system. In recent years, the banking network has been integrated with an Aadhaar-related platform. Linking Aadhaar identification numbers with bank accounts has created a mess—data-entry errors render accounts inactive, or switches them with other people’s numbers. This is causing a substantial percentage of electronic payments to fail.

TECHNOCRATIC TAKEOVER

Managing India’s large-scale social support programs—up to two-thirds of the population is covered by the PDS—obviously requires technologi-

cal infrastructure. There are two looming dangers here. The first is technological lock-in, whereby either unnecessary systems are deployed or companies are able to gain monopoly control over government functions. The second is a slippery slope: the pursuit of enhanced administrative capacity could result in technocratic tyranny that leaves ordinary people disempowered.

Nowhere are these issues of technocracy and conflict of interest more apparent than in the Aadhaar project, which provides a biometrically unique identification number to all residents. From the start, Aadhaar promoters packaged what was essentially a surveillance and data-mining infrastructure as a benign welfare project. Successive governments, led first by the Congress party and now by the right-wing BJP, have resorted to propaganda to maintain Aadhaar’s welfarist façade. Inconvenient evidence is suppressed, ignored, or rejected.

The use of Aadhaar in administering a range of welfare programs has caused exclusion, hassles, increased hardship, and even death when people’s

identities could not be authenticated. Contrary to claims that it will reduce corruption, it has opened up new channels for graft through its cadres of middlemen, who are entrusted with linking individuals’ Aadhaar numbers to government regis-

tries. Yet in the government narrative, it remains a tool for delivering welfare benefits with greater inclusion, empowerment, and efficiency.

The World Bank’s ID4D program, which says it aims “to help countries realize the transformational potential of digital identification systems,” is supported by philanthro-capitalists such as the Omidyar Network and the Bill and Melinda Gates Foundation. In India, on the one hand, the Omidyar Network has for-profit investments in financial technologies that rely on digital ID systems such as Aadhaar. On the other hand, it has emerged as the largest funder of “friendly research” on Aadhaar. The consulting firm Dalberg Advisors recently completed a large Omidyar-funded survey whose credibility and independence are dubious, not only because Dalberg has no particular expertise in these issues, but also because of a revolving door between the firm and the Omidyar Network. Bureaucrats formerly associated with Aadhaar and Omidyar have coauthored opinion pieces promoting the project in national newspapers. Similarly, the Gates Foundation has funded friendly research

*Self-selection helps sidestep
the vexatious debate
on universal transfers.*

on cash transfers, an agenda closely linked to Aadhaar.

The key issue here is the role of money in gaining access to policy circles (dare one call it plutocracy?) while maintaining a façade of democratic policymaking. The parallels between what the technology industry is doing today and what the tobacco and sugar industries did in an earlier era are striking. Those industries were notorious for funding friendly research that cultivated doubt in people's minds about independent research that highlighted the harmful health effects of their products.

Today, technocrats have gained prominence in government, and blind faith in techno-solutionism has taken over. Aadhaar is impractical, inappropriate, and untested for use in welfare programs. Fingerprint authentication failure rates are high, server connectivity is erratic, and people are being inconvenienced or worse. Even when alternative technologies (such as smart cards instead of fingerprint authentication) are available, the use of Aadhaar is mandatory in these programs, often disrupting the steady improvement witnessed earlier. All this indicates a convergence of private interests (to use Aadhaar for corporate surveillance and profiteering) and government interests (to use Aadhaar as a digital means of disciplining the population).

The dangers of a corporate takeover are evident not just in the Aadhaar project. In 2008, a biscuit manufacturers' association sent letters to elected representatives enthusiastically advocating the substitution of fortified biscuits for cooked school meals. Lobbyists often masquerade as anticorruption voices concerned about people's welfare. The debate over cash versus in-kind transfers involves an urgent question about which economic activities should be kept out of the realm of markets in order to protect the social safety net from commodification.

SETTING PRIORITIES

The four government programs we've looked at—school meals, the National Rural Employ-

ment Guarantee Act, the Public Distribution System, and Aadhaar—illustrate four key debates on ways of governing in India: whether the safety net should be based on government benevolence or rights; whether benefits should be in cash or in-kind; whether they should be universal or targeted; and whether the use of new technologies to administer such programs makes them more efficient or serves corporate interests and makes them more exclusionary. This is not to suggest that the question of switching to cash benefits arose only in the case of the PDS, or that concerns about technocratic tyranny apply only to the Aadhaar project. The debates often cut across welfare programs.

Arguments over spending priorities and fiscal constraints are central in any proposed expansion of India's welfare architecture. There are two dimensions to the question of priorities. First, there is tension between competing demands (such as military spending versus health care). Second, there is a question of priorities within welfare spending. For instance, in allocations for health care in recent years, insurance (with private players) for tertiary care has tended to receive more funding than expansion of primary health care.

In the case of maternity entitlements, a wage-based legal benefit for women in the formal sector of the economy has been on the books since the 1960s. In 2017, it was enhanced to 26 weeks of paid leave. But for women in the informal sector, the most vulnerable workers, the law was enacted only in 2013 and operationalized in 2017, and the benefit is an arbitrarily fixed amount, neither based on a wage-compensation principle nor indexed to preserve its value over time.

Although India has a robust constitutional framework in place to shift its model of welfare provision from one of state benevolence to a rights-based system, entrenched class interests and social inequalities rooted in religion, caste, and gender have made the transition slow and uncertain. Success cannot be taken for granted. ■