



The UN Human Development Report 2006, paints a dismal picture of social development in India, which ranks just 126th out of 177 countries. We must be cautious

about glowing predictions that India will soon become a global economic superpower. Without stronger social development, the current spurt in economic growth will falter.

India presents a paradox. On the one hand, it has become a miracle economy, averaging GDP growth of 8% for four years in a row. On the other hand India's social indicators remain pathetic. Forget miracles, we do not even have half-competent delivery of social services.

What explains the paradox? Liberalisation of the private sector has transformed economic growth. Indian companies have become world-class, and are now able to take over multinationals in the US, Britain and Germany. By contrast, our social services are mainly unreformed and delivered by callous, unsackable government staff. The reformed industrial and IT sectors have yielded world-class performers. The unre-

formed social sectors have yielded a mess. Even Bangladesh has sailed far ahead of India in these unreformed sectors.

Yet, oddly enough, leftists claim that India's social failures show that economic reforms have been a failure, leaving the poor rural illiterates in the lurch while benefiting only the urban upper class. Let me quote a passage from one newspaper.

"The Human Development Report provides the opponents of globalisation, particularly in India, with useful ammunition. What it shows is that in most countries including India, improvement in the human development index has slowed down in the period 1990 to 2004, compared to the pace in the previous 15 years. In India's case for instance, the period from 1975 to 1990 saw the Human Development Index score improve by close to 25%. In the next 14 years, that figure has come down to 18.6%. Given the fact that the latter period is more or less the post-reforms period in India, this is bound to be used as a strong argument by those opposed to reforms."

You might from above passage see that India has enacted wide-ranging reforms in human development, which have failed. In fact, hardly any reform has taken place in social serv-

ices. Unreformed government services have gone from bad to worse. This is a spectacular case of non-reform leading to failure.

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ground. So consumers in Delhi get water for only four hours a day. Bangalore, which aspires to become the world leader in information technology, gets water for only 2.5 hours a day, and Chennai for just 1.5 hours per day. By contrast, Colombo, Jakarta and Dakar get water round the clock. India's government-managed

water delivery is worse than in the depths of Africa.

The latest Development Policy Review of the World Bank reveals that the typical doctor at a primary health centre in Delhi is less competent than his Tanzanian counterpart, and the chances of his recommending harmful treatment is 50:50. Teacher absenteeism is rampant, and half the class V children in five states cannot read even at the Class II level.

The government's IITs and IIMs are world class, but produce only a few thousand graduates a year. Lakhs of graduates from ordinary government colleges have minimal skills, and are often regarded as unemployable. The demand for skills has led to skyrocketing private provision. A recent ICRIER working paper estimates that between 1999-00 and 2005, the number of private engineering institutions rose from 669 to 1,478, teacher-training institutions from 1,050 to 5,190, physiotherapy institutions from 52 to 205 and pharmacy institutions from 204 to 629. The quality of these is very spotty, yet they represent improved service delivery, though at a higher cost.

In Delhi, 53% of all children attend private schools despite the high cost: they know that 'free' education in government schools means func-

tional illiteracy.

Government health services are pathetic, with either employees or drugs missing from primary health centres on most days. Only one-fifth of all medical services are supplied by the government, the lowest proportion in the world.

What is the way out? First, some states should experiment with education and health vouchers given directly to households, who will have the option to use these in government or private schools and clinics. The ensuing competition will raise standards.

Second, we must end the licence-permit raj that strangles private school growth. Third, we should devolve budgetary powers to panchayats so that they can directly hire doctors and teachers, and not have to depend on unsackable staff from state capitals. Fourth, local governments should have the power to withhold the wages of staff that are absent on any day. Fifth, private universities must be encouraged rather than banned, and foreign universities should be allowed to open campuses here. Such reforms will be just a starting point. We have a long way to go.