

The growth-social development paradox

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There is some exhilaration in India today about our rates of growth tending to catch up with that of even China. But our growth rates are more gaseous, not only because our inflation rate is higher, but also because our social development rate is lower.

Let alone China, several other developing countries are ahead of us in Human Development Index. We rank 126th among 177 countries in this regard. This slows down economic growth too. There is a tension to find markets because the market potential in making everybody prosperous is not realised.

There could also be frequent crises on account of social instability and unrest, particularly when inflation is rising. Inflation in consumer price index bears down heavily on common people, and tends to raise levels of inequality in consumption and income to explosively high levels.

While the wage levels in the organised sectors keep pace with inflation and rise even higher than the rates of growth in national income, the wage levels in the unorganised sectors tend to stagnate, apart from their greater job insecurity. In our craze for thinking of economic growth as the ultimate goal, we forget the sustainability aspect

The emphasis on rate of growth of income more than on social development, is not accidental, but is the result of our economy, society and polity. Our politics is yet to be democratic in a real sense, for it is still dominated by patron-client relationships of a feudal society.

Caste barriers to social progress are another aspect of this society. Corruption and leakages seriously retard social development. The probability of getting caught and paying penalty is so low that corruption and leakages continue.

The saddest part of the story is the demonstration effect. Even people with low incomes aspire more to improve their monetary incomes than their physical welfare. The irony of a poor farmer selling milk even at the cost of depriving his kids is hardly rare.

Production of milk, eggs, fruit and vegetables may be rising but malnutrition has worsened, because they are mostly sold in the urban market for elite consumption. Even more pitiable is the irony of a marginal farmer sending his kids to work in the fields rather than to the school.

The employment situation for the rural educated is such that his scepticism about the value of educating his kids is only further justified. Survival comes before long-term welfare for him. This will remain so unless and until he is liberated from the trap of poverty and extreme vulnerability.

We need to not only invest heavily in social sectors and rural infrastructure, but also ensure that the amount is effectively spent to benefit the poor. Make education up to Xth standard compulsory for all, and free for the poor and the lower middle class. Substantially improve the quality of this education and reduce the differences therein.

Give priority to employment programmes and availability of timely and low-cost credit to the poor. They are hardly free from extortion by money-lenders even today. Tax concessions for investors should be based directly on the net increase in employment generated, and not on capital.

Breakdown caste barriers to social progress as expeditiously as possible especially for Dalits. Impose collective penalty on local caste groups that perpetrate atrocities on Dalits, by enacting enabling legislation to this effect.

This would have to be in addition to bringing individual culprits to justice. Conserve and develop common property resources on which the poor depend heavily; these may be natural or even man-made.

Make rehabilitation of people adversely affected by development projects more effective, adequate and timely. Strengthen social security for the poor, especially women. Give special attention to women's social development, by removing impediments in the path of their education, employment and access to justice.