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INSTRUMENTS OF SOCIAL POLICY AND MECHANISMS OF WELFARE DELIVERY IN INDIA

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Independent India's commitment to democratic politics meant that its polity had to grapple with the harsh reality of India's poverty: the sheer number of the poor (who were also now voters), the intensity of poverty and destitution and a deeply stratified and hierarchical society. Addressing the needs of vulnerable and marginalized groups in society has preoccupied the energies of intellectuals and policy makers and a focus of political rhetoric in India to a degree that is uncommon among developing countries. Yet, India's record on this count has been decidedly modest notwithstanding the gargantuan scale of the problem in that country. What explains this paradox?

This paper attempts to address this puzzle by first examining the range of social policies in India and their evolution, especially in recent years. It explores the various measures that the Indian state has employed to protect and strengthen its many marginalized and vulnerable citizens. We first provide a typology of the more important of these interventions and then examine both the rationale underpinning these interventions and their outcomes. We argue that all targeted poverty interventions have to pass through the eye of the needle – local public administration –which has been chronically weak in their capacity, in part due to the extent of centralization at the state level (i.e. level two of government)[1]. Moreover, India's social heterogeneity and the limited nature of accountability in areas of public service delivery creates political incentives to provide narrow private and club goods than pure public goods and promote discretionary policy instruments rather than broad programmatic efforts. This tendency is further amplified by India's clientelist politics. The puzzle is perhaps less why these countless targeted interventions have performed poorly, but rather why the state – and India's intellectual class – persists in reposing faith in these instruments.

Typology of social policy instruments

The efforts by the state have encompassed a wide range of domains and instruments. Traditional Keynesian wage and price policies have limited utility in a country like India where more than 90 percent of the labour force is outside the formal sector institutionalized wage bargaining in the organized sector. Monetary policy has been relative conservative largely because of the risk aversion towards inflation since a very large number of voters are poor, and inflation inevitably acts like a regressive tax. However, the Indian state has been a fervent user of controls – on prices of products and services, trade, industrial licensing, location and bankruptcy, foreign exchange, etc… - which more than often resulted in massive rationing and the development of parallel "black" markets. While many of these have been abolished after 1991, controls continue to flourish at the state and local level.

However, in this paper we do not address macro instruments that are a major part of social policies in industrialized countries and focus instead on targeted social policy instruments. The various mechanisms for welfare delivery in India are elaborated in Appendix 1 and can be classified as per the following broad categories:

[1] Until the 1990s, India's federalism has been undermined by the single party political dominance of the Congress party. However, even then on most matters of social policy, they have always enjoyed significant formal constitutional authority.

A. Set-asides

Two broad streams have characterized set-asides. The first, where the focus is on redistribution of end products, like jobs and housing, and the second, which relates to intermediate inputs like education, and specially targeted schemes such as credit directed to particular social groups with the intention to equip them to participate more effectively in a market economy.

The key instrument used – to a much broader extent than almost any other country – is affirmative action, which are set-asides (or "reservations" as they are commonly referred to in India) in education, jobs and political representation for historically marginalized sections of society. The Constitution had provided these guarantees for India's indigenous peoples (referred to as Scheduled Tribes or STs) and the social group at the bottom of India's caste hierarchy (the Dalits referred to as Scheduled Castes or SCs). Over time other social groups began clamouring for similar status, arguing that their "backward status" required special dispensation by the state. In turn this has fuelled the rise of identity politics in India. The result has been considerable success in giving political representation to a wide range of social groups. However, this has come at a high price. The success in providing "symbolic goods" and group benefits has intensified identity politics and militated against broad programmatic efforts. As a result outcomes – in terms of improvements in socio-economic conditions – have been weak, with the political leadership reaping most of the benefits. Indeed, in many areas of education and employment, the set-asides are not fully utilised because, as we note later, of the failure to provide basic public services.

B. Income augmenting

Another major thrust of social policy schemes has been to provide food security with the additional intent of increasing agricultural output. In this case however, the focus is on guaranteeing a minimum support price (MSP) for particular agricultural products, especially grains (wheat and rice), purchasing, storing and transporting the foodgrains by a government intermediary and then releasing a part of it at subsidized rates to families below the poverty line (BPL) through the public distribution system (PDS). The subsidy accrues to grain producers (confined mainly to the North Western states of Punjab, Haryana and Western UP, and the Southern state of Andhra Pradesh where the procurement takes place and where consequently the support is more effective) and the parastatal agency in charge of the logistics of grain procurement, storage and distribution.[2] A part eventually reaches BPL households through the PDS though its targeting performance has been commented upon adversely even in many government reports. The food subsidy is the most expensive of the government schemes, costing the government about Rs. 250 billion (approximately $6 billion) in 2003-04 (more than half of all explicit subsidies of the central government).[3] The other large item in this set, targeted to the same group, is the fertilizer subsidy, which tries to moderate the price of fertilizers to the farmer.

[2] The Food Corporation of India (FCI).

[3] "India Public Finance Statistics 2004-05," Ministry of Finance, GOI, September 2005. The state of Andhra Pradesh is a recent addition, due to the bargaining power of the regional political party, the Telegu Desam, which was a key ally of the previous government. Recently, the Central government has tried to expand the regional nature of procurement by giving more control to states but this has yet to take off on a large scale.

It does so, however, by subsidising the producer, in an ill-designed cost-plus scheme that has for many years now, allowed inefficiency in the industry to persist. The design is now in the process of being altered, but it remains a producer based subsidy.

A second set of policies has focused on augmenting incomes of the rural poor through a variety of job creation programs. The largest and most vulnerable group in India is rural landless labour. Lacking assets, it has little bargaining power and is particularly vulnerable to the vagaries of agricultural output. Over the years large resources – administrative, financial and intellectual – have been deployed on employment programs through public works. While these vary in the nature of payment, type of work, number of days of work, etc… it must be emphasized that the really poor in India do not have the option of remaining unemployed and therefore these public works schemes can benefit only to the extent the wages paid to these workers on the public works projects are higher than what they could earn elsewhere and the knock-on effects of increasing wages in the non-public works labour market as a result of the general increase in demand for labour.[4]

A third set of policies has focused on augmenting incomes through asset redistribution. Although land reform has been on the agenda since independence, there has been only limited land redistribution in part because such efforts were sabotaged by extant rural elites, but also because India simply did not have the sorts of massive landholdings as in Latin America, Pakistan or Philippines. In general legislation aimed at land ceilings and land consolidation has had little impact on poverty while legislation targeting tenancy reform and abolition of intermediaries has had a more positive impact by improving tenants' claims on the returns from land.[5]

The limited scope (and political intransigence) of land reforms has led the Indian state to try other measures to augment incomes through asset redistribution. To this end a flagship anti-poverty program was created in the 1970s, called the Integrated Rural Development Program (IRDP). This program has been recreated in different forms since then, including schemes to make entrepreneurs of the poor through schemes such as TRYSEM (Training of Rural Youth for Self-Employment), which provide training and a toolkit, and most recently as a self-employment scheme (the Swarnajayanti Grameen Swarozgar Yojana (SGSY), or Golden Jubilee Rural Self Employment Scheme). The basic idea in these programs is to transfer a productive asset to the target population. However, they have chronically underestimated the barriers facing the poor in participating in the market place, managing an enterprise, or the costs of insuring the very asset (e.g. milk cattle) supposed to provide a livelihood. As we will note later, the Indian state's attempts to provide targeted benefits to the poor has been severely hampered by its inability to provide generic skills through mass education and literacy. Consequently the initial beneficiary was soon separated from his/her asset defeating the very purpose of the scheme.

[4] These schemes include the Jawahar Rozgaar Yojna (JRY), the Sampoorna Grameen Rozgar Yojana (SGRY) or Comprehensive Rural Employment Scheme and most recently the National Rural Employment Guarantee Scheme (NREG), etc. Recent evaluations by Murgai and Ravallion (2004) show the limited effect of the NREG precisely because of the fact that many of the beneficiaries are already employed.

[5] Timothy Besley & Robin Burgess, 2000. "Land Reform, Poverty Reduction, And Growth: Evidence From India," *The Quarterly Journal of Economics*, 115 (2), 389-430, May.

Another form of asset transfer has been to provide access to credit at subsidized rates to the poor given the well recognized market failures in this area. These micro-finance programs have been marked by low recovery rates (less than a third, with defaults often at the behest of politicians), resulting in severe credit rationing. Recently efforts have been made to improve outcomes by directing credit to self-help groups (SHGs), comprising women. There has been a remarkable growth of bank credit to SHGs, particularly since the late 1990s. By 2003, the number of SHGs receiving some credit from banks was close to 800,000 compared to just 33,000 in 1999 covering about 12 million women and their households. Some of these have been very innovative in terms of their chosen occupation which has extended even to the delivery of public services (for an example of one such scheme in an urban area see Box 1). However, while large in absolute numbers the program's coverage is still modest in terms of the proportion of poor households served.[6]

C. Safety nets for old-age

India lacks a comprehensive population-wide old age income security system. The two important mandatory pension mechanisms are the civil servants' defined benefit pension and the 'organized sector' system run by the Employees Provident Fund Organization (EPFO), an arm of the Ministry of Labor. The key weakness in India's pension system is its very limited coverage which extends to just 11 percent of the labor force (which automatically diminishes the extent of risk pooling that takes place). The vast majority of the population lies in the 'unorganized sector' and is outside the formal pension system. For this group support from their children continues to be the principal means of old age insurance. In addition, many states have now introduced old-age pension schemes, but the benefits under these are limited, typically about USD 5 per month.

D. Direct provision of Basic Needs

One might presume that a government that is so energetic in trying to implement targeted poverty programs would have got the basics right first. In India's case this would be grossly erroneous presumption. India continues to do poorly on the public provision of basic services even those such as education which are constitutionally obligated. India's private health expenditure (78%) is one of the highest in the world, reflecting the abysmal provision of public health services. Child mortality and malnutrition are worse than Bangladesh and India's literacy rates are one of the worst in Asia as is the extremely limited coverage of sanitation services. India's poor record in providing basic public goods – minimal levels of education, health, nutrition, water and sanitation – while spending vast public resources on targeting the poor, indicates that the problem is not one of limited resources, but political priorities and incentives.

Why has Social policy in India performed poorly?

A democracy with a large number of poor voters, who vigorously participate in elections, where hitherto marginalized social groups have made significant inroads in capturing political power, might be expected to have powerful incentives to address issues of poverty and social

[6] Priya Basu and Pradeep Srivastava, "Scaling up Micro-finance for India's Rural Poor," World Bank Policy Research Paper No. 3646, 2005.

development. Indeed, there is little doubt that India has made some progress in reducing poverty with the fraction of population that is defined as poor having fallen by about half since the late 1960s. But much of this decline has come from old fashioned growth rather than the welter of anti-poverty programs.

Box 1: Creative use of subsidies to the poor to improve urban services

Kukatpally town in the state of Andhra Pradesh has an area of 72 sq. km and a population of 200,000 (1991 census). The township area was plagued by poor sold waste management and consequent accumulation of garbage resulting in community dissatisfaction, complaints, and protests by citizen groups. In 1998, the urban local body (ULB) in Kukatpally initiated discussions with poor women who had experience in sanitation and solid waste management. Those who evinced interest were called for meetings and given details about the scheme, including the financial support they were likely to receive from commercial banks and the nature of assistance and guidance from the municipality. As a result, twelve women formed a group that was registered under the Co-operative Societies Act and began with a pilot area of 12.24 sq. km.

The project involved a financial outlay of Rs. 324,000, mainly to purchase a vehicle (such as a tractor) for transporting solid waste. Under the DWCUA[7] scheme, Rs. 125,000 was provided as a grant. The remaining financing came from loans (Rs. 184,000, obtained from financial institutions) and the women's group contributed Rs. 16,000, i.e., 5% of the project cost. The group was paid a monthly tractor hire charge of Rs. 9,000 by the ULB for lifting the garbage. Out of the hire charges, the ULB would deduct Rs. 8000 towards the repayment of bank loan and directly remit it to the bank. The tractor belonged to the group when the loan was completely repaid. As a DWCUA group could consist of only 12 members, additional persons were employed by the women's group with the ULB paying for the persons so employed.

The Kukatpally initiative of using DWCUA groups for urban sanitation, the first of its kind in the state became a trailblazer and was soon adopted by 61 urban local bodies (ULBs) in Andhra Pradesh with about 165 women groups providing sanitation service. In part this was also because the government decided to entrust environmental sanitation work to the women self-help groups in all the urban local bodies in a phased manner. These 165 women's groups have made a total investment of Rs. 53.6 million, of which the Government sanctioned Rs. 20.6 million as grant and Rs. 30.3 million was borrowed from financial institutions. The remaining Rs. 2.7 million was mobilised by the groups themselves. The scheme is both replicable and sustainable. Both the ULBs and the communities stand to gain. The gains for low income women's self help groups are self-evident, while for the ULBs, usually unable to maintain and improve environmental sanitation, the scheme provides a workable low cost alternative.

Source: Rajeswar Rao, mimeo, DFID, 2004.

7 The DWCUA (Development of Women and Children in Urban Areas) is a part of the Swarna Jayanti Shahari Rojgar Yojana (SJSRY) launched in 1997 with the objective of providing sustainable employment to the urban poor. The DWCUA aims at provision of employment opportunities to the urban poor women by forming self-help groups of at least ten women and devising a project plan.

It is estimated that growth has been responsible for about 80% of the decline in the poverty head-count ratio (which measures the number of people below a defined poverty line[8]) and 60 percent in the decline of the poverty gap measure (which measures the intensity of poverty). Thus redistribution has been responsible for 20 and 40 percent of the decline in the two poverty measures. Not surprisingly, redistribution matters most for the ultra-poor. Given the large number of rural poor in India, an important predictor of poverty decline is agricultural growth. In the last decade, however, this sector has grown much more slowly, and hence the impact of India's impressive growth rate on poverty decline has been less than in the past.

There are several reasons why programs specifically directed at poor and marginalized populations in India have done poorly. We group them broadly into two heads: (a) Structural and (b) Political. The nomenclature is more classificatory than descriptive.

The structural reasons stem in large part from the fiscal crises of state (i.e. provincial) governments. This has led to an increasing dependence on centrally sponsored schemes (CSS). The programs are designed and substantially funded by the central government, but since the issue areas are in the state list of the Constitution, implementation is at the hands of states. In the two decades since the early 1980s, the share of the CSS in the Plan budget of the Central Ministries increased from 30 to 70 percent. This expansion has taken place at the expense of investments in infrastructure, energy and industry sectors.

The key problematic consequence of this is purely administrative, but no less important because of that. While each centrally sponsored scheme has the resources of a particular central ministry to call upon to aid in its design, stipulate conditionalities for disbursement, etc., the picture at the delivery level is very different. All centrally sponsored schemes must pass through the eye of the needle that is the district administration – and now increasingly the Panchayati Raj institutions (which are the 3rd tier of government i.e. local government). Few states have the administrative capacity to access grants from 200 plus schemes, spend money as per each of its conditions, maintain separate accounts and submit individual reports. This administrative capacity is even more limited in those states where the need is the most.

The multiplicity of centrally sponsored schemes makes it difficult for the local level administrative machinery to even monitor, let alone execute, the schemes. Even though many schemes have common objectives, targeting the same population, each develops a Hydra-like new administrative structure – fragmenting already weak and limited resources to begin with. If local level administrative capacity for implementation is weak, equally there is little incentive for the concerned central ministry to monitor these schemes. Even financial monitoring is weak,

[8] There is considerable variation in estimates of poverty across different researchers, e.g. Bhalla (2002) calculates rates well below 10%, while Deaton and Dreze (2002) calculate an all-India average of 26.3 % in rural areas and 12% in urban areas while Sundaram and Tendulkar (2001) give figures of 31.9% and 24.6%. The general consensus is that the number of poor in India is between a quarter and a third of the population. It is important, however, not to be too fixated on the number below the poverty line when referring to the poor. As Deaton and Dreze (2002) note, a number of the poor are bunched close to the poverty line and it does not take much increase in incomes to push them above the line. *This, however, makes little difference to their material condition.* The number of persons below poverty line may be an extremely incomplete characterisation of the group of people that need to be targeted for the purpose of delivering services.

with funds released without questioning the utilization of previous assistance. As for impact or sustainability, the issue is hardly ever raised. The few evaluation reports prepared are themselves seldom monitored for quality and even otherwise seldom read. Fear of adverse publicity leads to any reports of shortcomings to be suppressed. A top-down approach and uniformity across states means that there is little local ownership, with the result that even if states are aware that the scheme is performing poorly, they become indifferent to its implementation. States do not attach importance to spending on CSSs, and thus are in no hurry to sanction expenditure. And mounting fiscal problems at the state level leads them to divert GOI funds for paying salaries.

Not surprisingly, the Comptroller and Auditor General (CAG) found a common pattern of shortcomings in the execution of all Centrally Sponsored Schemes:

> *Inability of the Union ministries to control the execution of the schemes with a view to ensuring the attainment of the stated objectives in the most cost effective manner and within the given time-frame, as a result of which, the programmes continued to be executed in uncontrolled and open-ended manner without quantitative and qualitative evaluation of delivery.*
>
> *The controlling Union ministries confined their role to the provision of budget and release of the funds to the state governments rather mechanically without reference to the effective utilisation of the funds released earlier in accordance with the guidelines and capacity of the respective state governments to actually spend the balance from the previous years and releases during the current year.*
>
> *The ministries were unable to ensure correctness of the data and facts reported by the state governments. Overstatement of the figures of physical and financial performance by the state governments was rampant. No system of accountability for incorrect reporting and verification of reported performance were in vogue.*
>
> *The Ministry was more concerned with expenditure rather than the attainment of the objectives. Large parts of funds were released in the last month of the financial year, which could not be expected to be spent by the respective state governments during that financial year.*
>
> *The state government's attitude to the execution of the programs was generally indifferent. They laid emphasis on release of assistance by the ministry rather than ensuring the quality of expenditure and attainment of the objectives. Misuse of the funds provided for vulnerable sectors and sections of the society was rampant. The state governments' attitude towards such misuse was one of unconcern. The controlling Union ministries had no clue to such misuse. Thus, in many cases, the figures of expenditure booked in accounts assumed precedence over the bona fide and propriety of the expenditure.*
>
> *Nobody could be held responsible for shortfall in performance, poor delivery of output, wanton abuse of the authority to misuse the funds provided for succor to the victims of*

calamity, economic upliftment of the poor Schedules Tribes, eradication of Malaria, sheltering from the suffering of repeated droughts, etc.[9]

A critical understanding of the links between politicians, political parties and citizens is needed to appreciate the political reasons for the varying outcomes in the delivery of social services. In India (as in many other democracies), the linkage between citizens and politicians is based less on broad indicators and provision of collective goods such as economic growth and stability or national health care and more on the private or club goods available to individual citizens. This patronage based party voter linkages based on direct material inducements targeted to individuals and particular social groups are at the core of clientelist relations. The resulting clientelist accountability represents a transaction linking the direct exchange of a citizen's vote in return for direct payments or continuing access to employment goods and services.[10] Clientelist citizen-politician relations are distinctive in that benefits are targeted only to individuals or groups in exchange for electoral support. Thus the goods provided are either those that have excludability characteristics i.e. private goods (if rivalrous), such as housing or credit) or club good (if non-rivalrous) such as affirmative action benefits to specific social groups.

A number of interlinked factors have ensured the vitality of clientelist politics in India. Increasing political competition together with a growth of identity politics (in turn the result of ethno-cultural heterogeneity and a history of set-asides), and a first-past-the-post political system, has simply scaled up clientelist networks from local politics with personalistic face-to-face relations to the national level of hierarchical political machines. The continued high degree of discretion in the enforcement of rules, whether land encroachment or loan repayment, further adds to the phenomena.

Table 1. Which Public Goods get provided by the Indian State

	Rivalrous	Non-Rivalrous
Excludable	Private (housing, credit)	Club (affirmative action)
Non-Excludable	Common Property (watershed management)	Pure Public goods (growth, basic education, universal health care)

Under such conditions appealing to a narrow group of voters can be sufficient to win elections. High levels of poverty fuel clientelist linkages in that poor voters can be more easily bought over by the provision of immediately provisional goods (small amounts of cash, liquor, clothes) because of the higher discount rates of poor voters. In India's case, another intervening variable has been a shift in the structure of political parties with regional political parties gaining share at the expense of national political parties. For the latter holding power at the centre matters more, while the former, by definition, are state based. The division of constitutional responsibilities means that the regional and state based parties have little role in the provision of national

[9] See also the Tenth Plan Approach Paper of India's Planning Commission (which designs and coordinates most of these schemes) which gives some of the causes for the poor outcomes.This testifies to the fact that it is not ignorance about bad performance that is constraining state action.

[10] Herbert Kitchelt and Steven Wilkinson, eds. *Patrons, Clients and Policies: Patterns of Democratic Accountability and Political Competition* Cambridge University Press, 2006.

collective goods, further increasing their incentives to provide private and club goods through the social policies that are within their constitutional mandate.

The prevalence of clientelist politics also helps understand the weakness from the *demand side*. A puzzle about Indian politics and social provisioning is why the poor have not articulated their demands more forcefully for better social services since they do express their voice when it comes to issues that bear on the "politics of dignity". In part this may be due to the inhibiting effects of social heterogeneity on building broad class-based coalitions. The selective provisioning of goods and services and enforcement of rules that are the hallmark of clientelist politics also reduce the incentives for collective action and mute voice.

A related puzzle stems from the acquiescence of state level politicians in the progressive centralisation of the financing of social programmes, given the general reluctance of central politicians to let go of the power of the purse. National electoral constituencies in India are large (with an average of almost a million voters) and in this case voter identification with political parties is relatively more salient than with individual legislator's. However, state electoral constituencies are much smaller and here voter identification with individual legislators is more powerful. In terms of popular political support or a mass electoral base, therefore, state legislators have an advantage. National legislators try to counterbalance by retaining control over financial allocations for social schemes. The rise of regional parties makes this dichotomy a little less sharp. To add to this, many states with strong regional parties like Tamil Nadu and Andhra Pradesh would prefer to see less transparent devolution and more centrally sponsored schemes since these favour states that have good absorption capacity in terms of execution capability and preparation of state level schemes for central funding. Central schemes are also easier to manipulate, e.g., regional choice in the procurement operations of the Food Corporation of India is an administrative decision. Given that increased devolution will probably be more equalising and less performance based than is the case now, the transformation of central schemes into state devolutions may paradoxically leave better performing states with fewer resources than they currently have. Hence they have little incentives to press for a change in the status quo.

Conclusion

In this paper we have tried to explain briefly why after nearly sixty years after independence and nearly four decades of efforts at poverty targeted program, outcomes have been modest. The argument in this paper and our prognosis is summarised below.

First, a key reason for the poor performance of social programs in India is the structural weakness of local administration. No matter how well programs are designed and funded, in the end they all have to pass through the eye of the needle, namely local public administration. The Achilles heel of all such programs is implementation, which is at the hands of local public officials.

Second, this weakness of local governments in India is due to the increasing centralization at the state level (level two of government). With most Indian states larger than many countries, this has serious consequences. Social policy is increasingly funded at one level of government (the federal); implemented by another (local), which in turn is controlled by a third level of government, namely state governments. Controlling local governments is only way that state governments get a piece of the action – why should they let go, especially given the severity of their fiscal problems?

Third, the Central government, recognising this, has begun to include the increase in capacity of local governance as a design component of new Central Sector Schemes. Prominent among these are the National Rural Employment Guarantee Scheme, which envisages a strong role for Gram Panchayats (village governments) and Gram Sabhas (village assemblies) in implementation and the Jawaharlal Nehru National Urban Renewal Mission that attempts something similar at the level of urban local governments.

Finally, it is our contention that this is unlikely to be sustainable and produce long-lasting results unless a strong *demand* for effective services is strongly articulated through the political system, which is necessary to bring in accountability into the government delivery system.

The evidence of the lack of accountability of government functionaries in implementing these schemes is overwhelming. The Indian state is unable to discipline its employees, take action against the corrupt ones, or reduce their numbers or make changes in their service conditions leading to declining standards of performance and integrity among field officials, and with it the ability to deliver. Normally we would expect voters to punish politicians for poor performance leading to retrospective accountability, spurring the latter to demand better performance from the bureaucracy (and prospective accountability). But this does not seem to occur in the Indian case. Given the extent of deprivation and the strong participation of India's poor in elections this appears puzzling. A reason offered in this paper is the strength of identity politics. As a result the political space is not seen as an arena for competing economic demands, but rather as a means to express a particular conception of identity. This is amplified by the ubiquitousness of clientelist politics, with votes viewed as a transaction with a specific quid pro quo, and which reduces the incentives for politicians to press for programmatic policies. Politicians perceive little correlation between the successful delivery of social programmes and electoral success, which locks all players into a low level equilibrium.

Such articulation of demand for accountability will most likely be localised at the beginning and both the intensity of utterance and the places of expression are uncertain. However, its inevitability makes it incumbent on us to build expertise on institutional mechanisms of service delivery that would ensure that the poor have access to these services. When the demand for services is articulated, the supply must not be found wanting

The positive question therefore is what kinds of public policy interventions will reinforce the articulation of demand from voters and the consequent increase in accountability. For example, will the recently passed Right to Information Act bring forth the stark difference between expenditures undertaken in the name of the poor and the limited benefits to the poor from such expenditure, and if so, will this foster a demand for greater accountability from the delivery system? There are indications that changes are in the offing, albeit slowly. Civil society actors, which have been pressing for delivery of social services, are becoming active in electoral politics[11]. Such participation is not only linked to an effort to alter existing relationships of patronage; it is also related to alternative priorities for public expenditure. New institutional mechanisms of service delivery that involve greater community participation, appear to hold promise for better service delivery and broad public good provision that can be accessed by the poor. Some of these have begun as experiments at the level of the state governments and have gone on to be adopted by the centre in their design of new CSS. However, without a demand for accountability in service delivery from the beneficiaries, this change in the design of schemes may not be very effective, i.e., changes in design are more a necessary than a sufficient condition. Our case study offers one such example from the health sector.

[11] A recent example is the participation in local elections by associates of the Mazdoor Kisan Sangarsh Samiti (MKSS), a Rajasthan based rights group that played a pivotal role in the passage of the federal Right to Information Act.

CASE STUDY: ROGI KALYAN SAMITI [12]

In 1994, at the Maharaja Yashwantrao Hospital in Indore, the state of Madhya Pradesh began an innovative initiative called the Rogi Kalyan Samiti (Patient Welfare Association) to improve service delivery in government hospitals. This has since been extended up to a number of Primary Health Centres in Madhya Pradesh. The Rogi Kalyan Samiti (RKS) is a community-based initiative with clear roles for government and the community. At the community level the association comprises local politicians, government officials, doctors, philanthropists and donors and community leaders. The RKS is allowed to levy fees for hospital services in government hospitals. The revenue earned from these fees is retained by the health facility and can be spent on a defined set of activities, which the RKS has the discretion to prioritise. Various RKS have used these revenues to provide consumables such as medicines, reagents, X-Ray plates, and ensure regular maintenance, repairs, cleaning, security, and hospital waste management. The government continues its earlier budgetary allocation to the hospital, which takes care of staff expenses and funds raised by the RKS provide additional resources for better utilization of the installed hospital facilities.

RKS mobilises resources by levying small user charges for all the facilities provided in the hospital including outpatient facilities, pathological tests, beds, specialised treatment, operations, etc. Table 2 gives user charges for two clinics in the RKS program. The poor are exempted from payment of user charges. The administration of this relief is dependent on the production of a BPL card, but often an indigent physical appearance will also suffice. The revenue raised from user charges is deposited in a separate account of the RKS and not in the government treasury. The RKS can solicit donations, borrow from banks and receive grants from the government and other donor agencies. RKS is also permitted, subject to general guidelines from the state government, to utilise surplus land available in the hospital for commercial activity such as the construction and leasing of shops. It can also generate revenue by managing ancillary support services in the hospital such as food plazas, ambulance services, parking, pharmacies, etc.

While the RKS has been granted autonomy in using the funds generated for improving the service quality, the operation of the bank account usually requires the joint signatures of both the chairman of the Executive Committee, who is usually the senior revenue department official of the state government and the secretary of the RKS who is also the medical officer in charge of the CHC. This can pose administrative problems because the revenue department official is usually quite busy and not always located in the neighbourhood of the health facility. While the Executive Committee can also delegate its powers to a functionary such as the Secretary, this is usually not done. In fact, larger expenditures (i.e., more than USD 500) are often cleared by the General Body of the RKS rather than the Executive Committee. Thus even here, financial autonomy is fairly circumscribed.

The RKS is an interesting blend of multiple actors who have come together to improve the delivery of health services. To begin with, the government made a commitment not to reduce its current level of expenditure. This was not a nominal level that would decline over time but a 'real level' that is related to the wages and salaries of the medical and support staff and existing

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[12] Adapted from Shrikant Deshpande (2005) Citizen Orientation In Delivering Government Primary Health Services In Rural Maharashtra, unpublished PGPPM dissertation; Indian Institute of Management, Bangalore.

(low) levels of operational maintenance. The additional expenditure required for improving services was not large, but critical for the most vulnerable patients. This was so since the rich could afford to avail of medical consultation services at the hospital and go to the private sector for the necessary tests and medicines. For the poor, this posed an unbearable expense and thus the availability of these services at public facilities, at a low fee or even free is a big boon.

Table 2. User Charges

Service	Rates fixed by RKS Aron		Rates fixed by RKS Binaganj	
	(Rs.)	US Cents	(Rs.)	US Cents
OPD charges (Registration fee)	2	4	2	4
Indoor charges	20	44	20	44
Maternity	35	78	35	78
X-ray	50	111	40	89
Laboratory tests				
Haemoglobin	20	44	5	11
Total differentiated count	40	89	10	22
Erythrocyte sedimentation test	20	44	10	22
Blood group	30	67	20	44
Blood sugar	30	67	10	22
Urine test	30	67	15	33
Serum Bilurubin	60	133	15	33
Pregnancy test	80	178	25	56

However, the acceptability of the user fees is related to the decision to earmark them in a credible institutional manner for improving services at that specific health facility and to transfer the control of the resources to a local body. Once the community is convinced that the resources generated will be expended towards improving their local public good, they are amenable to the levy of user charges. Since the poor are exempt from user charges, the exclusionary effects of such charges are also limited, through the discretionary element in identification would mean that the efficiency of targeting would vary based on local factors. While there has not yet been a comprehensive evaluation of the RKS approach, initial survey evidence points to significant increases in user satisfaction. One disturbing result from these survey, however, is that the one parameter on which a significant minority of users (43%) see either no change or a deterioration is the use of “extra considerations or bribery” to obtain services. However, at one level, this is to be expected if the quality of service improves and the extent of rationing does not change (and indeed may increase if new users are attracted). The more disturbing element is that this attribute ranks lowest in the priority of users – i.e., the users attach the least importance to this attribute. This may reflect the combination of a number of characteristics, but most disturbingly an acceptance of this as a “way of life”. If a pervasive but low level of corruption does not generate significant resentment among users, this may have important implications for the articulation of demand for accountability in service delivery.

APPENDIX 1: TARGETED POVERTY PROGRAMS

SCHEME	GOALS	BENEFICIARIES	EXPENDITURE	OUTCOMES
I. AREA DEVELOPMEMT PROGRAMS				
1. Integrated Wastelands Development Program (IWDP)	Development of wastelands with community participation.	Sanctioned in areas generally not covered by DDP and DPAP.		
2. Drought Prone Areas Program (DPAP)	Promoting economic development of watershed communities, by putting natural resources to optimum use to mitigate adverse affects of drought, and employment generation through non-farming activities.	Areas chronically affected by severe drought conditions		
3. Desert Development Program (DPP)	Controlling desertification, developing land, water and other natural resources for restoration of ecological balance, and raising production, income and employment through irrigation, afforestation etc.	Covers hot desert areas in Western India and cold desert areas of Jammu and Kashmir, and Himachal Pradesh.		
4. National Slum Development Programme (NSDP)	Upgradation of urban slums by provision of community infrastructure and social amenities.	Urban slum dwellers		

SCHEME	GOALS	BENEFICIARIES	EXPENDITURE	OUTCOMES
5. Jawahar Gram Samridhi Yojana (JGSY)	To create need based/demand driven rural infrastructure to boost rural economy in general and improve quality of life in particular.	Allocations made to states which then route money to local governments.		
II. EMPLOYMENT PROGRAMS				
6. Swarn Jayanti Gram Swarozgar Yojana (SGSY)	To promote self employment among the rural poor by providing them income generating assets through a mix of bank credit and government subsidy.	Rural families below the poverty line (BPL).		
7. Employment Assurance Scheme (EAS)	Create wage employment through manual work for rural BPL and create durable community, social and economic assets	Open to all needy rural BPL with preference given to SC/ST and parents of child labor.		
8. Sampoorna Grameen Rozgar Yojana (SGRY)	Provide food Security and wage employment in event of shocks, and create village infrastructure	Merges EAS and JGSY, beginning 2002-03.		
III. TRANSFERS				
9. Indira Awas Yojana (IAY).	Meet housing needs of rural poor.	Members of SC/STs, freed bonded laborers and non-SC/ST BPL households.		

SCHEME	GOALS	BENEFICIARIES	EXPENDITURE	OUTCOMES
10. National Social Assistance Program (NSAP).	Provides social assistance to old persons with little or no regular means of subsistence, BPL households in case of death of primary earner and pregnant BPL women	Three sub-schemes cater to each of the three goals: National Old Age Pension Scheme (NFBS); National Family Benefit Scheme (NMBS): National Maternity Benefit Scheme (NMBS)		
11. Annapoorna Scheme	To provide food security with supply of 10 kg foodgrains per month free of cost.	Senior citizens eligible for pension but not receiving it at the moment		
12. Targeted public distribution system (TDPS) and Antyodaya Anna Yojana (AAY)	Ensuring availability of subsidized foodgrains to BPL HH.	BPL Families		
13. Retention Pricing Scheme (RPS)	Subsidize farmers by compensating fertilizer producers to maintain stable fertilizer prices and lower food prices.	Fertilizer producers		
14. Concession Scheme for de-controlled fertilizers	To cushion the impact of increase in prices of decontrolled P&K fertilizers.			
15. Special Central Assistance To Special Component Plan For Scheduled Castes	To bring SC families above the poverty line enhancing their productivity and income through income generating schemes.	SC families below the poverty line		

SCHEME	GOALS	BENEFICIARIES	EXPENDITURE	OUTCOMES
IV. BASIC SERVICES				
16. Pradhan Mantri Gram Sadak Yojana	To connect all villages with more than 1000 population with all weather roads by 2004 and all villages with more than 500 population by 2007.	Implemented through designated executing agencies and district administrations.		
17. Non Formal Education (NFE)	To provide non-formal education for school dropouts to all children up to the age of 14 years.	NFE centers run by NGOs		
18. National Program for nutritional support to children.	To raise the nutrition status of primary school going children.	Children attending primary school		
19. Blackboard Scheme	To bring all primary schools up to a minimum standard to improve retention.	All rural children below the age of 14 years.		
20. Sarva Shiksha Abhiyan	Elementary education for all children between 6-14 by 2010 and bridge social, regional and gender gaps, with active community participation in school management	All children between 6-14 years in states not covered by District Primary Education Programme (DPEP)		

SCHEME	GOALS	BENEFICIARIES	EXPENDITURE	OUTCOMES
21. Integrated Child Development Services (ICDS) Scheme	To improve the nutritional and health status of preschool children, pre- and post-natal maternal care through a package of services including nutrition, pre-school education, immunization, health checkup and referral services and nutrition and health education.	Targets most vulnerable groups of population including children upto 6 years from BLP families and those living in disadvantaged areas.		
Note: This list only covers programs with expenditures exceeding Rs. 1 billion in 2001-02				

Source: Pradeep Srivastava, "Poverty Targeting in Asia: Country Experience of India," ADB Institute Discussion Paper No. 5, February 2005.