Reforming governance key to progress on SDGs in India

By
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Poverty remains entrenched in certain socio-geographies of the country. Why has this pattern of poverty not changed significantly despite so many schemes? The key to understanding why entrenched socio-geographies of poverty have not changed is to focus on governance. Reforming governance in the states and national ministries is key to achievement of SDG1, and perhaps for all SDGs, writes Rajesh Tandon, Founder-President, PRIA.

“Our Ministry of Rural Development in Government of India is the nodal agency for SDG1—End Poverty. We have two main schemes in the Ministry—Mahatma Gandhi National Rural Employment Guarantee (MNREGA) and National Rural Livelihood Mission (NRLM).”

In a national seminar in mid March, a senior official of the Ministry explained how strategy of poverty eradication is on track.

For the past four decades, it has been clear that poverty in India is entrenched in certain socio-geographies of the country. Households of Scheduled Caste (SC), Scheduled Tribe (ST) and Muslim minorities constitute bulk of the poor households in the country.[1] Why has this pattern of poverty entrenched in such households not changed significantly despite so many schemes?

It was also clear four decades ago that poverty is entrenched in certain states – Bihar, Madhya Pradesh, Rajasthan, Uttar Pradesh.[2] Even today, these four states – then labelled as BIMARU (or sick) – continue to account for more than 50% of the nation’s poor households. Why has this pattern not changed significantly in four decades?

The key to understanding why entrenched socio-geographies of poverty have not changed is to focus on governance. Weak, ineffective and colonial administrative systems and procedures have continued unreformed since independence. Feudal and elitist attitudes and behaviours of political leaders/class and members of All India Civil Services have continued to add further distortions and inefficiencies in governance of all public institutions.

It is because of weak, ineffective and distorted governance that the four worst performing states in implementation of MNREGA are the four BIMARU states where bulk of the poverty is entrenched.[3] At its best implementation, MNREGA has been an ‘unemployment dole’ since 2005. It was ‘marketed’ and implemented as such by UPA government, in the first instance. Sustainable rural income-generating assets created through MNREGA are nowhere near the massive investments made so far; perhaps it was an expenditure scheme for short-term pain relief, not an investment in removing poverty?

NRLM has been promoted as a poverty eradication scheme on the ‘back’ of the women’s Self Help Groups (SHGs) movement that has spread over the past three decades. SHGs began as savings and credit groups of women; its original aim in the 1970s was to inculcate a savings habit amongst rural poor.[4] It focused on rural women, as creating their groups turned out to be a lot easier.
Since then, a large number of schemes have invested in advancing credit to these SHGs to undertake livelihood and income-generating activities. Recent NRLM reports[5] show economic improvements in those households which have benefitted from such credit programmes.

However, what remains unsaid is that 80% of all such credit is availed by five southern states – Kerala, Andhra Pradesh, Telangana, Tamilnadu and Karnataka. These are not the states where poverty is entrenched. Review reports of both MNREGA and NRLM have concluded repeatedly that greater devolution and capacity of Panchayati Raj Institutions (PRIs) in these states is one of the main reasons for their relatively effective performance.

Additionally, as informed by the Ministry’s officials, the two ‘core’ schemes of MNREGA and NRLM are implemented independently. The former is administered through the provisions of the Employment Guarantee Act, legislated by Parliament and funded by Indian tax revenues. The latter is ‘run’ by an independent entity registered as a Society, and funded by World Bank IDA loans.[6] How can such divergent institutional governance arrangements bring coherence in addressing SDG1—and end poverty in India?

The changing nature of poverty begs another question. More than 70% of India’s youth today are living in urban and peri-urban areas.[7] India’s villages are mostly inhabited by the very young or the very old, and of course the many women looking after them. Therefore, mere rural focus for eradication of poverty in India today will never achieve SDG1.

India’s more than 10,000 urban habitats remain ungoverned and poorly supported. While Smart City (about 100 cities) and AMRUT (about 500 towns) programmes launched by the present government pay some attention and resources to city development, more than 8000 other towns having elected nagar palikas and municipalities remain ‘out-of-focus’. It is here that a large number of urbanising poor are living, in search of low-paid, informal, insecure, temporary jobs.[8]

Government of India’s National Urban Livelihood Mission (NULM) is a mere extension of NRLM, without addressing differences in rural-urban contexts. As a result, formation of SHGs, and promoting economic activity on that basis, has been largely ineffective, especially in states where poverty remains entrenched. Once
again, many of the southern states like Tamilnadu[9] and Kerala[10] have done much better in addressing urbanising poverty, as they have done a much better job in devolving authority and building capacities of urban local bodies to take responsibility for their own development.

Another strategy being promoted by the government is to focus attention in 115 districts with entrenched poverty, or so-called ‘aspirational districts’. [11] The district-level focus in addressing poverty dates back to 1960. The erstwhile Planning Commission had at that point identified 123 districts where poor households were concentrated. In the 1990s, 100 ‘poorest’ districts were identified with focused programming. In early 2000s, new schemes focusing on ‘backward’ and ‘left-wing extremism’ districts were launched, labelled as Backward Region Grant Fund (BRGF). Certain districts with extreme poverty and mostly populated by tribal households have also had special schemes since the 1980s. The most prominent one is KBK – Kalahandi, Bolangir and Koraput – that has continued all this time, without necessarily making any significant dent on poverty.

District level focus without reforming governance of those states and national ministries will remain ineffective in addressing poverty. Recent call by the Prime Minister to attract smart young officers to these ‘aspirational’ districts to transform them is unlikely to make any difference. IAS district collectors have been young and smart, for all these decades. Individuals matter, only somewhat, when institutional systems and governance have been reformed. Instead of focusing attention on districts, reforming governance in the states and national ministries is key to achievement of SDG1, and perhaps for all SDGs.

All the four states where poverty is entrenched have the same party in power as in the Centre. Perhaps there is no better time than now.

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References:


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[7] https://www.ft.com/content/950a3f1c-ef47-11e5-9f20-c3a047354386 (June 2016)


