

Roundtable on 'Are We fighting Poverty Effectively?' with Dr. Abhijeet Banerjee

New Delhi, May 20, 2008

The Roundtable discussion on "Are We fighting Poverty Effectively?" was presided over by Ford Foundation Professor Abhijeet Banerjee with the Massachusetts Institute of Technology (MIT). The discussion was attended by a broad spectrum of actors from the state and central governments, the corporate sector, NGOs as well as international agencies, and thus provided a platform for an enlightened exchange of ideas and views.

The session began with a brief introduction by Mr. Tarun Das who highlighted that the session was in keeping with the expansion of CII's work into the realm of affirmative action and corporate social responsibility.

Prof Banerjee began his presentation by pointing out that there are certain tasks in specific sectors that are implemented and maintained by the Government of India in a very efficient manner, such as the railway sector, airports, financial sector regulation and the conduct of elections. The latter, is in fact, done on a scale perhaps not seen anywhere else in the world. He stressed that the government remains efficient also in other areas which are not of direct concern to the urban middle class, such as public construction of roads, rural health centers etc. However, most often, where the interests of the poor and local elite are well aligned, government implementation of programs is good.

He mentioned that in 1971, one could predict with some certainty the allocation of public goods in given districts, on the basis of SC/ST concentration, as these areas tended to be under-developed. Subsequently, programs such as *Garibi Hataao*, the National Policy for Education of 1968 and Minimum Needs Program established the basic public goods that people are entitled to and can expect. He pointed out that programs such as the Pradhan Mantri Gram Sadak Yojana (PMGSY), had resulted in a remarkably rule based implementation of the construction of roads. Thus, Prof Banerjee drove home the point that such successes exemplify that there is no generic lack of capacity in the Indian state.

On the flip side however, the government tends to fail in areas such as education, health, environment and redistribution through the PDS. In his presentation, Professor Banerjee highlighted the problems in the Indian health sector specifically, since much of his research has been concentrated in this area. Citing results from the National Family Health Scheme III, he pointed out persistent and severe deficiencies in immunization, child nutrition and health. For example, full immunization rates are still less than 45% for the country as a whole; only a quarter of women breast-feed the child within an hour of birth, while most only breast-feed for two months as against the recommended six months. There are also problems associated with late transition to solid food, lack of transitional food and micronutrients for children. More alarmingly, Prof Banerjee highlighted that 48% of children under the age of 5 in India are stunted, 24% are severely stunted, while 43% are underweight and 20% are wasted. Government failure to tackle these issues is clearly demonstrated in the fact that this is twice the rate in Sub-Saharan Africa—a region considered by many to be the worst case scenario in terms of lack of development. In a comparison which ought to grab government officials' attention, he mentioned that these figures put India behind even behind Pakistan.

He stressed that government initiated programs such as the Integrated Child Development Services (ICDS) and the RCH, with the Anganwadi and sub-centers as the points of delivery have had limited success for a variety of reasons. Specifically, his research showed that people in rural areas prefer to go to private doctors or traditional healers, as against the government run public health centers. Prof Banerjee explained persistent problems of absenteeism among doctors and nurses as one of the major problems plaguing the rural health centers.

He mentioned that as a response to this problem, a monitoring program was implemented by the Rajasthan government in conjunction with a local NGO which carried penalties for absentee nurses; and the results were then statistically analyzed by Professor Banerjee's team. While there was some initial progress in reducing the level of absenteeism, after a certain period of time, however, the numbers went back down as the system was undermined from within. Professor Banerjee pointed out the failure showed that employees remain the top priority of the system and this can be a huge impediment to correcting behavior. Even so, the response of the government has been to expand the health expenditure on still further by allocating an extra percentage of GDP to the NRHM. This clearly shows that the government is continuing to invest in a system that does not work.

The government's theory of 'beneficiary control' has failed time and again, and this remains a problem. For example, in the area of education, the Village Education Committees (VECs), which are meant to empower local communities and parents to monitor children's education in villages, has not been a success. There is little to no awareness among people with regard to the VEC, teachers remain too powerful and cannot be fired, and there is a general lack of interest among the rural poor with regard to education.

Privatization, according to Prof Banerjee could work in certain areas, although there is much the market cannot do, such as bringing about behavioral change among people. At the same time, he expressed hope that if privatization is combined with a strong monitoring role played by the government to ensure the efficacy of doctors, nurses, teachers etc., it could bring about positive change.

In addition, Prof Banerjee recommended rewarding pro-social behavior among the poor such as a scheme implemented in rural Udaipur in which people were given 1kg of *daal* (lentil) for each immunization visit. At the same time, he recommended that perhaps the government should not shy away from the idea of giving away money to the poor as an inducement to participate in developmental programs. He also suggested using technology to give away money effectively, and that perhaps the government should revert back to universal development programs instead of targeted ones. He further stressed that too many demands should not be made on the time and energy of the poor, and that projects should first be experimented with before going to scale, in order to test efficacy. In addition, he suggested using the media more effectively to create demand.

During the discussion that followed, many questions were raised with regard to Prof Banerjee's comments. In particular, his suggestion about giving away money to the poor as an incentive was questioned. Prof Banerjee said that if there is a minimum social guarantee for the poor, perhaps there would be more pro-social behavior. Also, there is evidence that the expenditure on food among poor families is decreasing, and hence by

giving away money, it is possible that this trend can be countered. Mr. Raj Kumar Jani of the Ministry of Panchayati Raj suggested that perhaps instead of giving away money, a better idea would be to give assets to the rural poor which would help in livelihood creation—he said that such interventions require collaborative action by state and local governments, corporations, NGOs and international agencies. Prof Banerjee said that research is currently being done to analyze the efficacy of such business development programs, but the training aspect strikes a cautionary note, simply because the government has proved time and again to be very bad at providing sustained training and delivery. In the absence of alternatives such as private sector volunteers to conduct training, giving money instead of assets is a better solution as it requires no training to be given to beneficiaries.

With regard to the issue of public officials' apathy, one audience member suggested that perhaps in the health and education sectors, NGOs or the market should provide services as doctors, nurses and teachers—this would help keep such officials out of the government system and thus prevent the current problem of affiliation with between local governments and bureaucracies. Prof Banerjee agreed that this basic conflict of interest needs to be tackled pro-actively.

In response to a question, Professor Banerjee said that a lot of government schemes and programs need to be shut down, and this requires honest dialogue with government officials. Mr. Gopalkrishnan, Joint Secretary to the Prime Minister concurred with this statement and said that within the NHRM, many vertical schemes are being collapsed within streamlined health programs. He also said that the reason systems such as the Auxilliary Nurse Midwives (ANMs) are dysfunctional is often because of specific design flaws.

Mr. Salil Singhal, Chairman of Secure Meters Ltd. stressed that lack of development in India is the result of two basic systemic reasons—lack of government accountability and the basic orientation of reform and development built on the socialist model, which does not prioritize capacity building among local people. He pointed out that populist programs such as *Garibi Hataao* illustrate the latter point.

Mr. P.K Gera, Principal Resident Commissioner with the Government of Gujarat said that livelihood and economic development was a much more pressing issue than education and health, as the latter are often considered luxuries by the very poor. He suggested that the Gujarat government's e-governance model was yielding tangible results in the development sector by improving connectivity.

Prof Banerjee noted that while technology can solve some problems, it cannot address all developmental issues, and the stunning figures with regard to the backward state of education and health in India remains a testament to this. He pointed out that Panchayats were being given 'fake empowerment', as they lack the right to fire teachers, ANMs etc. This renders local autonomy meaningless.

In conclusion, Mr. Chandrajit Banerjee, Director General of CII noted the importance of the findings presented by Prof Banerjee. He said that his specific recommendations, with regard to increasing the use of technology, the need for focused programs and the suggestion to experiment before going to scale, would be pursued by CII in future activities.