FACTS against MYTHS

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FEEL GOOD: About WHAT?

Myths on the "Shining India" Campaign - II

COMMENT

In the first part of this fact sheet we examined some aspects of the economic realities of India today. We basically showed that growth rates and GDP figures by themselves do not at all indicate the quality of life of the common people or prove their well being. We, in fact, argued that only a minority of the people in the country could find any reason to Feel Good or to find India Shining. The problems of poverty – in reality starvation, of malnutrition, of ill health, of indebtedness, of unemployment are severe and crippling. The much flaunted grand growth is based on serious imbalance. Agriculture and related activities that still sustain almost three fourths of the Indian people are not registering any significant growth. There is in fact a decline relative to other sectors of economic activity. Further the area under food grains has declined. The production of food grains has reduced. The 'excess' of supply over demand, making possible exports, is truly an indication of dwindling purchasing power, in other words of poverty – rather than a genuine surplus. The much advertised exports only indicate once again the incapacity of Indians to feed themselves adequately – since the availability of food grains is not such that the people could be well fed and grains still spared. The same is actually true of cloth production in the country. The cloth produced in the country is not enough to adequately clothe the entire population and yet we export prodigious amounts, and even seek to increase our exports. This of course means that we leave a large number of our people inadequately clothed. So much for food and clothing! The fall in production of food grains also indicates an erosion of food sovereignty and food security; any talks of national sovereignty and national security are - without basic food sovereignty and security - quite hollow, whatever the number of nuclear bombs under the Defence Minister's thumb and whatever the depth of the strategic alliance with the butchers of the world – Israel and USA. The crops that make good this shortfall are basically colonial crops from tea to fruits and flowers!

We have also shown that the euphoria about corporate growth is quite unfounded. Growth of Indian corporations in six, eight, ten other countries may hearten the small Feel Good minority in the country that stands to gain from it or the mindless ultranationalists who see it as an imperial conquest. In reality it only means increase in the profits of these corporations, profits for the magnates or higher spending money for a few top executives but a big zilch for the country – if it is seen as its people, including the toilers.

The 'euphoria' about the foreign exchange reserves, we have shown, is a fraud perpetrated on the Indian people. The reserves are not earnings – they are not even a national asset. The trade balance continues to be negative. The reserves actually mean a drain and not a gain as far as the Indian people are concerned.

The share market boom is a speculative activity that only proves the capacity of Indian and foreign operators to make quick killings. It is not indicative of corporate health leave alone the health and strength of the Indian economy. On the contrary it is a clear signal of the vulnerability of the Indian economy – since the boom could end up as a crash any day and bring ruination to numerous small investors as well as a number of business houses.

The great advances in technology are similarly dubious. The absolute numbers of technically qualified persons are high but as a proportion of the population not adequate at all. There have been no real breakthroughs in technology – except perhaps in the area of software development.

We have also emphasised that claims of creation of millions of jobs have been periodically raised but the reality is very different. The jobs have not increased. The employment opportunities have in fact declined in all sectors.

There is thus not even enough food in the belly and cloth on the bodies of a vast number of Indians. This too is not enough, of course, to Feel Good and to find India Shining.

In this part we examine the quality of life of the people of India.

We reiterate that the statistics currently available and continuously cited by the rulers is heavily unreliable. It at best indicates the results of a three month period – that seems to be suddenly quite exceptional as far as the performance of the Indian economy is concerned. The reasons for the sudden encouraging results of the past one year are not at all clear. The only reason we can unearth is that elections have been announced and that the picture needs to look rosy and smell sweet for the rulers in this period.

The problem of poverty continues to be the major problem for the country despite varied statistical exercises to prove that it has declined. Millions still go to bed hungry every day. Disparity is more glaring than ever, and threatens to increase.

Food security of the people is seriously imperilled. The erosion of the Public Distribution System has meant the withdrawal of the meagre safety mechanism that the poor toilers had.

Education is in a serious crisis. Despite the varied announcements, in rural areas the facilities for even primary education are grossly inadequate. If there are buildings there are no teachers. If there are teachers there is no place to hold classes. For any 'higher' education – standard V or VII onwards – boys and girls have to walk a few kilometres every day. This, as can be imagined, is one of the reasons of the higher drop-out rate for girls. Further there now seems to be clear duality if not duplicity in the educational system. The new dazzling temples of learning now under private ownership and management that are supposed to provide international quality education at different levels are 'reserved' for the elite. Even the normally lucrative technological and managerial courses are not available to the rural students particularly those from the deprived and disadvantaged communities. The degrees they can manage to get have no value in the job markets.

A crisis looms in the field of health care. The government provisions were always inadequate. They now shrink further and there is a tendency to charge the patients for the services provided. Private medical services are expensive and in rural areas of dubious quality. It is obvious that with the overall increase in costs the health of poor toilers will suffer. Particular victims will be women and girl children from these families.

The housing schemes for the urban and rural poor are often publicised. Even casual observers know that slums and sub-standard dwellings dominate all cities in the country. They now have spread to the new urban industrial (?) centres. The slum dwellers are mercilessly evicted the moment the plot of land they occupy acquires commercial value. Majority of the rural toilers live in traditional hovels that they have themselves constructed over the years. The houses of the Dalits continue to be on the outskirts of the villages with separate water points for them.

Romantic poetry and fanciful day dreams apart, there is a severe stress on water in the country. No, this is not a natural adversity bar in a few exceptional areas of the country. The reasons are human created. Mindless and myopic use of water to cultivate water guzzling 'colonial' cash crops depletes both surface and ground water in the rural areas. The cities draw water from the hinterlands in prodigious amounts turning the 'hinterlands' into deserts. The per capita water availability in the cities is much higher than in the villages; and within the cities to there is glaring disparity – the residential localities of the toilers get much less water than those of the princes of commerce. Numerous industries use water in large amounts and also pollute sources as well as surrounding water tables to boot. The current fad is commercial use of water as raw material by various water and soft drinks bottling companies. The new 'path breaking' national water policy has really only one 'new' chapter. This chapter advocates handing over water supply to private corporations – indigenous and foreign for distribution and what essentially amounts to sale. The river linking scheme is a collection of thirty different projects that involve intra and inter basin transfer of waters. As yet not even the pre-feasibility studies of these projects have been completed. To cite it as an achievement is nothing short of cynical.

The exciting adventure in electricity supply is privatisation of generation and distribution. We already have witnessed the scandalous behaviour of Enron Corporation in Maharashtra. No leaps of imagination and futuristic thinking are necessary to imagine the situation if rural electricity supply is handed over to private corporations – the rates they would charge from the agricultural users and the way they would recover the charges.

The government has concentrated its plea, particularly for the toiling masses, on a BSP (a Freudian slip?) appeal – viz., Bijli, Sadak aur Pani – Electricity, Roads and Water. Lets now talk about roads.

Yes, of course, roads are being built. The roads penetrate the remote areas. Markets and corporate agriculture requires transport facilities in the rural areas. That is the only way the agricultural produce can be brought to the main markets. The consumer goods too need efficient transport facilities to reach rural markets. These are the reasons and driving forces – apart from the vehicle manufacturers lobby – behind the construction of roads. The welfare of the rural people and their convenience are only unavoidable collateral effects.

Atrocities on Dalits are quite rampant and now quite brutal. The details of the reasons may have changed but the relationships have not essentially altered. The Hindutva lobby may have held out an olive branch to Dalits and Adivasis and recruited them at times as street fighters in its programmes of communal violence but their situation has not altered in any significant manner.

On the front of communal violence too there is no great improvement. There may not have been major carnages after the Gujarat Carnage of 2002 but small incidents of communal tension and violence have occurred in many states of the country. If there is no major conflagration the achievement is of the Indian people who have refused to be drawn into the violence rather than of the rulers. The rulers in fact have not been very efficient or effective in prevention or control of communal violence. The record on provision of relief and rehabilitation of victims of communal violence is dismal and discriminatory. The law and order machinery has not been able to secure punishments to any of the perpetrators of communal violence.

The women in the country have no reason to Feel Good. We have argued that their burden has increased. Discrimination against women and girl children is on the rise due to the economic situation amongst other factors. The moral and cultural storm troopers of the right wing organisation glorify arcane anti-women practices and curtail whatever freedom they have in public and private spheres.

There is in short no reason to realistically Feel Good or to find India Shining.

MYTH: The current record surplus stock of food grains is the answer to hunger and starvation making schemes like PDS, Food for Work unnecessary.

FACT: First and foremost this false claim emanates from two government publications, viz., The Economic Survey 2001-02 of the Finance Ministry and the Annual Report 2001-2002 of the Reserve Bank of India! Along with mainstream economists these reports maintain that there is at present an "overproduction" of food grain output! Their line of reasoning is as follows:

- that Indians today including the well off are voluntarily diversifying their eating (diet) habits — from cereals to high value foods;
- that the minimum support prices to farmers have been "too high". As a result, there has been excessive output and procurement and the mismatch between supply and demand as arising from rising administered acquisition

price for food grains (rice and wheat) against the global trend of falling market prices, leading to `wrong' price signals to the farmers and hence to `excessive' output and procure of these crops.

This is an absolutely an illogical argument.[7] especially in the context decreasing per capita food grains output and sharply rising rural unemployment

MYTH: The high economic growth with the decline in poverty levels removes levels of inequality between the rich and poor.

FACT: Despite high economic growth, behind the feel good factor, India however continues to have 1/3rd of the world's poor! The euphoria over the feel good factor is therefore baseless!

Measured against the international poverty line of those living on less than $1 per day, 350 m. are declared Poor. The Net Poverty Line measures the amount of money required to replenish the energy .equivalent of 2,400 k. cal per day in urban areas (2,100 in rural). This is about half a kg of rice, which translates as Rs.7-8/day/person. With this very low cut off, 26 per cent of Indians fall below the poverty line. Internationally, $2/-/day/person is poverty and $1/day/person is chronic poverty. Accordingly, 70 per cent of our people can be called poor and the BPL 26 percent will qualify as worse than chronically poor. For instance, the UN has estimated that 70 per cent of the world's poor are women.

On the equation between the rich and poor the gap[14] has only worsened. For instance,

- Less than 0.2 per cent of Indians sport designer wear yet per capita consumption of textiles in 2002 was at 19 meters, way below the world average.
- The current Sensex index is at an all time high but 65 per cent of Indian households do not have bank account. (In rural India, that is 70 percent according to the Census of India household survey)
- food grain was exported to foreign markets at prices far lower than those we forced the poor below the poverty line to pay. For instance, at the height of misery in rural A.P. in 2002, the starving were forced to buy rice at Rs.6.40 a kilo. This, in drought-hit regions. Yet, India exported rice at Rs.5.45 a kg.
- Specialty restaurants have come up in most part of the country with children of the rich eating out at McDonalds, Dominos, Pop Tates – consuming on a scale even they have never fathomed. On the other side is the situation where the country has the largest number of malnourished children most of whom are girls. Further, an average Indian family is absorbing annually nearly 100 kg of less of food grain today than a mere five years ago.
- The latest NSS report notes that 1 in every 200 households in rural area and 1 in 1000 households in urban areas goes hungry. A rough estimate indicates staggering figure of 500 m. undernourished in India with the number of undernourished increased by the biggest magnitude (nearly 230 m.) compared to all other countries of the South between the period 1995-97 to 1999-2001.
- The World Wealth Report by Merrill Lynch and Gemini Ernst & Young puts the number of Indians with assets of a least $1 m. at 50,000. That is, there are 50,000 millionaires in the country! And according to the Forbes' March 2003 List of Most Powerful Billionaires, 9 are Indians, out of a total of 587 billionaires worldwide. That is, Indians now constitute 1.5% of the world's billionaires.
- Thus, on one side is the unabashed vulgar indulgence in conspicuous consumption by the nouveau riche and on the other people not only dying out of hunger but many even committing suicide at times with whole families and children together.

The FAO report, State of Food Security in World 2003, shows that the number of undernourished people experiencing chronic hunger has risen to 214.5 b. (i.e. over 25% were in India alone) during the 1999-2001 period as compared to 194.7 m. during 1995-97.

- In May 2003, some areas in Hyderabad city – the Cyber City of India – were getting water supply once in 2 or 3 days, for a limited number of hours. Yet, the government of A.P. was supplying clean, processed water to Coca Cola at around 25 p. per litre. The same is available to the rest of the people of India at Rs.12 per litre in a plastic bottle.

Manipulation of Statistics[8]

In the campaign to present a glowing picture of the economy all means have been used including the manipulation of data and statistics. The National Commission on Population for instance has claimed that there has been rapid demographic transition during the last 3 years. This is incorrect. The birth rate for instance barely declined during this period — from 26 to 25 per thousand. This fact however has been shown in the vertical axis, starting at 24, so that visually, the change from 26- to 25 looks like a decline of 50 per cent. For further enhancement of this myth, the birth rate level in each year is represented by the height of a 3 dimensional object. With the height declining by 50 per cent in the graph, the volume of the object shrinks by much more than half, giving an impression of massive reduction.

The next graph, showing the change in population growth rate, is even more misleading: the reduction is only from 17.3 to 16.9 but the vertical axis starts at 16.7, giving the impression of a sudden crash in the birth rate within 3 years!!

Next, the Khadi and Village industries Commission (KVIC) for instance, boasts that its "performance graph is steep". The accompanying graph, which show 'cumulative earnings' is indeed steep. But cumulative earnings are bound to go up, by definition, and the slope can be made arbitrarily steep by suitable stretching of the stretching of the vertical axis or shrinking of the horizontal axis.

This is not the only way in which vacuous achievements are glorified. The Ministry of Communications, for instance, boasts that 37.5 lakh internet connections were created during the last 5 years, compared with 'only' 2.5 lakh during the preceding 50 years. It hardly matters that internet connections did not exist during the best of the latter period. Perhaps it would have been more appropriate to ask (say) how many posts of primary teachers were created in each period it turns out; the annual increase is virtually same in both periods.

Elsewhere, failures are turned into successes. For instance, an ad of the food ministry congratulates "our farmers who have created surplus stocks of food grains ensuring no death from hunger". There is no reference here to the trail of hunger deaths that took place in recent years in the shadow of huge food stocks. Similarly, the decimation of handloom weaving all over India in recent years does not prevent the P.M. from "weaving a bright future for handloom weavers" in an ad prepared by the Ministry of Textiles. Reading the fine print, one finds that the 'bright future' of millions of impoverished weavers hinges on a measly scheme for "reimbursement of rebate on sale of handloom cloth"

Another way around the lack of evidence is to focus on 'targets' rather than achievements. For instance, the Planning Commission highlights "the reduction in infant mortality rate to 45 per 1000 live births". Careful reading reveals that this is not an achievement but a target for 2007. Considering that India's infant mortality rate today is still around 70, one is curious to learn what kind of revolutionary changes in public policy are expected to trigger this steep decline within 3 years. But there is no mention of policy changes in the ad – only 'targets'.

In terms of income also there is great inequality. Using NSS (National Sample Survey) data, researcher Abhijit Sen[8] shows that the gap in per capita consumption by various groups in rural and urban India since the late 80s is very wide. There has been a remarkable improvement in consumption of those who were already the richest people in India i.e. the top 20 per cent of the urban population. Their per capita consumption has risen by around 40 per cent since 1989-90, and is the highest and most rapid rise in the consumption of the rich that has ever been recorded in India. It is likely to have been even higher in actuality since the NSS usually underestimates the consumption of the rich[8]. Next, is the group of the top 20 per cent of the rural population — the rural rich –whose per capita consumption rose by over 20 per cent since 1989-90. This was similar to the rise in consumption among the next 40 per cent of the urban population.

By complete contrast, for the bottom 40 per cent of the urban population there has been relatively little rise in per capita consumption compared to these other groups – at only about 14 per cent since 1989-90. However, the most dramatic evidence is for the bottom 80 per cent of the rural population i.e. numbering nearly 600 m. whose per capita consumption has actually declined since 1989-90. In order words, even the official statistics of the government still show that over half of India has lower consumption per person than more than 10 years ago, after a decade when national income were supposed to be growing at around 6 per cent.[8]

MYTH: The current boom in the economy has led to a phenomenal rise in GDP and in turn to the general well being.

FACT: Undoubtedly the Indian economy is booming with high GDP. However, if just one section of Indian society is considered e.g. the urban poor living below the poverty line in slums, constituting almost 2/5th of India's total population, this claim gets exposed for what it is — False!

Citing the latest survey of the National Sample Survey Organisation (NSSO) carried out during July-December 2002 on status of urban poor, T.K. Mahanti in the Economic Times[9] revealed the appalling picture of living conditions in the country's slums. These number 52,000 slums in the urban areas and about 8 m. households live in these slums. They accounted for 14% of the total urban households in the country. The highest number of slums is in Maharashtra, 32%, West Bengal, 16% and A.P. 15%.

A similar survey held by NSSO in 1993 had located 56,000 urban slums. The number of households living in those slums was estimated at 6 m. That is, although the number of slums had declined during the period, the number of households living in them has risen. Over half of the non-notified slums, which account for the larger part of the slums, did not have any toilet facilities. Underground drainage system existed in just 9% of these slums and underground sewerage was available to only 15% of them. And although living conditions in notified slums were comparatively better, almost a 5th of them still have no toilet facilities. Underground drainage system existed in just 17% of them and underground sewerage was available to only 30% of them.

Although the latest survey claims improvement in living conditions it has nothing to do with the State being responsible for this. On the contrary its role has been poor (Mahanti). The amount of funds it has provided under the National Slum Up-gradation Scheme (NSUS) has declined during the last 5 years by 5.5% from the already low Rs.327.44 crore in 1998-99 to Rs.308.50 crore in 2002-03. In 2000-01 only Rs.222.34 crore was released under this scheme.

At the individual State level just 3 States – Maharashtra, West Bengal and A.P. – together accounted for more than 2/5th of the funds in 2002-03. The decline has also been in Bihar whose share in total funds released under NSUS has declined from 7.4% in 1998-99 to 5.4% in 2002-03.(In Patna over 63% of people live in slums, the highest in any metropolitan city in India).

MYTH: Globalisation has improved the living standards of women.

FACT: According to the UN, 70 per cent of the world's poor are estimated to be women. But when gender is disaggregated as development issue, poverty issue, etc. the reality is a lot more realistic than the figures provided by the NSSO which limits its findings within just the four walls of the household. Yet, when the household is examined closely, what will be found is that the collective income, the distribution of health, food equation, transport, decision-making, etc., are heavily weighted against women. This is particularly so in the BPL population[10]. This has severe implications for human growth and development. For, on applying the male-female gap in access to the total population in India, at least 50 m. of the below poverty 260 m. (26 per cent) will go out of poverty[10]. There after, 70 per cent of those left will be women.

Globalisation has also raised disparities among women. The benefits of economic reforms have been unduly tilted towards men. Increment in wage rates among males has been higher relative to females. Nor has employment among women increased. Rather, there is evidence of increased casualisation and irregularity of work among women following reforms[10]. In terms of health women face a great deal of denials

MYTH: The high growth rate has also led to a boom in women's employment.

FACT: Indeed, there has been a boom in the employment of women — in the in the textile and food processing industry — but they still face discrimination on wage rates and have to work under unhealthy working conditions. This is in spite of the fact that both these industries have achieved substantial export-led growth.[11]

Women, in a male-defined society like India, generally earn far lower wages than their counterparts carrying out the same work. In no State do women and men earn equal wages in agriculture. A majority of the women work in the informal sector. Two trends have led to the growth of such workers in this sector. First, in the rural areas the migration of men to urban centres or abroad has provided opportunities for more female involvement in small enterprises. Second, in urban areas, the demand for cheap, low-skilled labour has risen over the years owing to export-oriented manufacturing. This trend has been instrumental in providing employment to an increasing number of women. However, women are often hired on exploitative terms. They often work in difficult conditions for long periods with low wages. There are no labour laws or social security measures for these workers. Moreover, she has to work longer hours without proper rest and work harder for the same benefits. In many places where a large number of women work there are no separate toilets for them.

Increasing mechanisation and technological innovations are an ever constant threat to workers. In such situations women are the first to be fired. Again, new sectors are indeed opening up opportunities for women's employment like electronics, garments and in the free and export processing zones (EPZs). However, women workers here also are underpaid even if in comparison they are paid higher than women workers in the domestic tariff areas (i.e. outside these export-processing zones) with improper working conditions. A large majority of these workers are young girls. They work under a piece rate system; as casual workers and contract labour although they may be working in these units for years. On the other hand these new sectors (EPZs & FTZs) are provided with all the concessions and facilities to promote exports with low wages and no union rights. Even the ILO has condemned the exploitation of women workers in these Zones.

MYTH: The economic reforms have also contributed to growth of employment

FACT: However, the National Sample .Survey on Employment and Unemployment[11], of which the 55th Round was held in 1999-2000, indicates a dramatic decline in the rate of employment generation in the latest period. The rate of growth of employment, defined in terms of the Current Daily Status (which is a flow measure of the extent of jobs available) decline from 2.7 per cent per year in the period 1983-94 to only 1.07 per cent per year in 1994-2000 for all of India. This refers to all forms of employment — casual, part-time, self-employment, etc. For permanent and secure jobs, the rate of increase was close to 0[11].

In rural areas, the decline in all employment growth was even sharper, from 2.4 per cent in the previous period to less than 0.67 per cent over 1994-2000. This was well below the rate of growth of population. In both rural and urban areas, the absolute number of unemployed increased substantially, and the rate of unemployment went up as well. But in addition to this, there was a sharp decline in the rate of growth of the labour force.

A significant part of the collapse in employment occurred in agriculture, where the employment elasticity of output growth (the extent to which additional output creates additional demands for jobs) declined from 0.7 in 1983-94 to only 0.01 in 1994-2000. Aggregate employment elasticity of output fell from 0.52 to 0.16 over the same periods. Organised employment also has been extremely sluggish. According to latest report in the Human Development in South Asia 2003: The Employment Challenge, cited in Frontline[12] the Unemployment Rates in India during 1999-2001 stood at 7.3 per cent. The female and male unemployment rates during 1990-2000 were 10.0 and 7.0 for female and male respectively, with a 1.4 F/M ratio. Corroborating on this the New Age[13] notes that during the last 15 years (1985-2000), unemployment has been rising continuously but in the last 5 years, it has been rising rapidly. There has been a jobless growth. And during the last one and half decades, the total employment opportunities were created to the extent of 940 lakh (40 lakh in the organized sector and 900 lakh in the unorganized sector). Even during the last 6 years, the rate of increase under both these sectors has gone down. It may be recalled that the organised sector employing merely 7 per cent of the total employed is the hub of the economy and contributes to the GDP per head of Rs. 2,00,00. On the other hand, the unorganized sector sharing the lion's share (93 per cent) of the employment contributes Rs.27, 000 only. This is the vital difference.

In addition, the pattern of employment during the last 15 years, the share of self-employment in the total employment has shrunk while that of the casual labour has risen. Regular wage-employment has, more or less, remained stagnant.

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Facts Against Myths is a bi-monthly bulletin of factual information on a number of development myths and fallacies, etc, including information against alien development models, paradigms and false concepts on caste, creed and gender.

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