



The poor state of the Indian state

Bottom Line: The pandemic has revealed its chronic inability and systemic weakness to take care of the poorest citizens

Highlights:

1. A recent book records the plight of millions who lost incomes and shelter, and food and medical care too, in a harsh lockdown to create a sanitised cordon for better-off Indians during the pandemic.
2. These books explain how the weakness of the Indian state to care for its poorer citizens is not a failure of the present National Democratic Alliance government only, nor of the previous United Progressive Alliance government. The weakness is systemic.

The pillars needed

Strong states, according to political and social historians, are founded on three pillars.

1. They are built with support from the people;
2. they have strong administrative machinery to provide stability and deliver public services, and
3. they have the managerial ability to shape and implement change.

The problem of solidarity in India

It is hard to unite Indians around a shared ethnic or religious identity because, in addition to the diversity among India's races and religions, there are entrenched caste divisions even within the Hindu religion of the majority. If Indians must be united to support a strong state, it must be around a modern, inclusive idea of India, as the Constitution imagined. The present ruling dispensation, while trying to force a majoritarian identity, is dividing Indians and weakening the state.

Indian bureaucracy's role

Fukuyama and other historians have highlighted the role that professional civil services have played in the formation of strong states, in Han China, the Ottoman Empire, France, and Japan. India inherited the 'iron frame' of civil services from Britain. It was designed to provide stability and compliance with rules: it was not equipped to shape change, the third requirement of a good developmental state. Therefore, there are demands for its reform.

Management of Change in the 21st century

1. Simultaneous management of both change and stability is necessary for the evolution of good states and societies. The great debate, about stability versus



change for good governance, evolved into new arguments in the 20th century: capitalism versus socialism; and markets versus governments.

2. By the end of the century, capitalism and markets were positioned in the public imagination as the prime movers of economic growth, and socialists and governments as retarders of progress.
3. Capitalists took on the mantle of 'wealth creators', relegating governments to the role of 'redistributors'.
4. A popular slogan that wealth must be created before it can be redistributed leads to the conclusion that there should be less government when countries are poor, and more freedom for large, private, wealth creators.
5. Moreover, with the logic that governments are stodgy, even public services such as health and education are handed over to private enterprises.
6. However, the logic of economics is not the same as the logic of society.

Governing for the poor

1. Private corporations are not states designed for citizens. The state must perform primarily for its poorest citizens for economic growth to be equitable and sustainable, and not for investors in corporations.
2. Leaders of states must ensure that all citizens have opportunities to work and earn. They must also ensure that all citizens, even those who cannot afford it, have good health and education.

Public servants are crucial for Citizens:

1. The ideology of private rather than the public has moral consequences. The purposes of a private enterprise and the state are different.
2. Private-sector managers move from one competitor to another, like professional mercenaries, serving the interests of owners of corporations wherever in the world they may be.
3. Whereas public servants, whose mission is to build their nations and states, are expected to devote their lives to the care of citizens in their own countries.

GDP cannot be the scorecard

The pandemic has revealed the chronic inability of the Indian state to take care of its poorest citizens. The scorecard for the nation cannot be its GDP. Economic justice, environmental sustainability, and improvement of the dignity of all citizens must be measured too, and these must improve much faster. The present 'top up the top' model of India's economic growth, with hopes of trickle-down, is not delivering these.

Foundations of strong state



India must build a strong and good state. This requires political leaders who can unite all Indians into one India, whatever their religion, race, or caste; cadres of good public managers to build and run services for all citizens equitably; and business leaders who are not just wealth creators for themselves (distributing some of it in philanthropy), but creators of opportunities, very soon, for millions of Indians to earn and create wealth for themselves too.

Political leaders, administrators, and business leaders must work together, with a shared vision, to build an Indian state that is good for all citizens, especially the poorest. Time is running out.

Money vs. happiness

Bottom Line: Subjective well-being and income are intricately linked

Subjective well-being (SWB) and Income

This article studies the relationships between subjective well-being, which is narrowly defined to focus on economic well-being in India, and variants of income, based on the only panel survey in India Human Development Survey (IHDS).

Looking beyond per capita income

We need a new measure of well-being beyond the objective welfare measure based on per capita income. There are several reasons.

1. The survey draws upon the two rounds of the IHDS for 2005 and 2012. An important feature of IHDS is that it collected data on SWB.
2. The focus of this SWB is narrow. But as it is based on self-reports, it connotes a broader view that is influenced by several factors other than income, assets, and employment, like age, health, caste, etc.
3. There is a positive relationship between SWB and per capita expenditure (a proxy for per capita income, which is frequently underestimated and underreported): the higher the expenditure in 2005, the greater was the SWB in 2012.
4. High expenditure is associated with a decent standard of living, good schooling of children, and financial security.

Aspirations and achievements

1. The larger the proportionate increase in per capita expenditure between 2005 and 2012, the greater is the SWB.
2. This provides important policy insights. One is that in a lower-middle-income country like India, the growth of expenditure or income is significant.



3. However, the widening of the gap between aspirations and achievements or between the highest expenditure/income of a reference group and actual expenditure/income of a household reflects resentment, frustration and loss of subjective well-being.
4. So, taxing the rich and enabling the extremely poor to benefit more from economic opportunities can enhance well-being.