

## Areas of Special Importance for State Intervention

1.32 The Ninth Plan views the role of the state and private sector as complementary and both are essential. Private sector activity needs well functioning markets and hence the emphasis on economic liberalisation and decontrol. However, while market forces are extremely important, there are many circumstances in which markets may not exist or, even if they do, may not work efficiently and effectively. There are also conditions under which unbridled operation of market forces may give rise to outcomes which may be deleterious when seen in a broader national and social perspective. Government regulation and intervention in markets becomes justifiable in such situations though this should not become an open-ended rationale for excessive intervention. Government interventions have to be strategic and must emanate from a vision of the role and responsibility of state policy and public action where markets are likely to be imperfect. Three broad areas are especially relevant in this context. These are: (a) quality of life of the citizens; (b) generation of productive employment; and (c) regional balance.

### (a) Quality of Life

1.33 Eradication of poverty and provision of basic minimum services are integral elements of any strategy to improve the quality of life. No developmental process can be sustainable unless it leads to visible and widespread improvement in these areas. There is by now enough evidence to show that rapid growth has strong poverty reducing effects and, given a public policy stance which is sensitive to the needs of the poor, a focus on accelerated growth will also help in realising the objective of alleviating poverty. The shift in emphasis towards private initiative and reliance on the entrepreneurial spirit of the people essentially seeks to create the conditions for rapid and sustained growth. Nevertheless there are aspects of growth which can be labour-displacing and impoverishing. These arise essentially out of unequal initial endowments of physical resources, human capital and information, which prevent segments of the society, particularly women and other socially and economically disadvantaged groups like the Scheduled Castes, Scheduled Tribes, Minorities, Other Backward Classes, disabled etc. from taking advantage of the opportunities that become available or from protecting their interests in an adequate manner. Much of these disadvantages have their roots in historical circumstances and are perpetuated through social and political factors. Market forces left to themselves may not correct these disparities, and indeed may accentuate them since there would very likely be a tendency to exploit the weak and the disadvantaged by economic alignments of the socially and politically advantaged. Public action will be necessary to reduce and eventually eliminate these schisms through a focus on removal of the initial handicaps and stringent protection of the rights of the disadvantaged.

1.34 It is important to emphasise that the process of elimination of historical disadvantages such as gender, caste and other types of social and economic inequalities should not be based on increasing dependency of these segments of the people on the government. Sustainability of the growth process demands that they should be viewed as active participants, and indeed as partners, in the process of development and not as passive beneficiaries of public largesse. The need therefore is to create the conditions by which the disadvantaged are not only empowered to take advantage of the opportunities created by the growth process but also to contribute actively in the process of creation of wealth and well-being. For this purpose, the individual capabilities of the people have to be enhanced through education, information and access to appropriate technology. Amelioration of the immediate deprivation through anti-poverty programmes should be viewed only as a transitional arrangement, and every effort directed towards ensuring that these can be phased out at the earliest.

1.35 Empowerment of the historically disadvantaged will require more than provision of the basic capabilities for integrating them into the growth process. Appropriate institutional structures will need to be created and encouraged in order to allow full play to their productive and entrepreneurial energies. The objective conditions of the Indian economy are such that the vast majority of the populace will continue to have to be engaged in self-employment or casual employment in the foreseeable future. Thus any effort at raising the growth rate of the economy through increases in productivity and entrepreneurial dynamism would need to look beyond the usual forms of production organisation. In order for such activities to be viable and remunerative in a market framework, alternative forms of organisation will have to be recognised and nurtured. Revitalisation of the cooperative sector and other forms of economic association of people is of great significance in this context. Cooperatives have played an important role in development and promotion of equity and social justice. Some have grown into substantial size, but there continue to be policy and procedural limits on their growth and diversification. There is a need to de-bureaucratise and de-politicise the operation of this sector and to enable it to access resources from other sources on its own strength.





1.36 In the past, food and nutritional security has been largely interpreted to mean adequate availability of basic food products in the country as a whole. The concept of food security now needs to be broadened to include peoples' access to basic nutritional requirements, both physically and economically. This problem is particularly acute in the vulnerable sections of society and in the deficit and inaccessible regions of the country. It is necessary to develop strategies by which such inadequacies can be overcome by integrating the food production and distribution systems with the employment and poverty alleviation programmes. In particular, the Public Distribution System (PDS) will need to be restructured in order to provide foodgrains at substantially lower prices to the poor in a focused manner and to ensure availability of such commodities in the remote and deficit areas of the country. A wide-spread, well-established PDS is essential for ensuring food security.

1.37 Economic growth and employment opportunities in themselves may not be sufficient to improve the living conditions of the poor. They need to be accompanied by measures which enhance the social and physical conditions of existence. Despite considerable efforts, provision of social infrastructure and services remain inadequate. These are areas which are in the nature of quasi-public goods and in which private initiatives and the market are unlikely to play a significant role. Primary education, primary health care, including the preventive and promotive, safe drinking water, nutrition and sanitation require heavy investment which has to be provided out of public funds. However, since the requirements of social infrastructure vary significantly across regions, greater decentralisation of decision-making than exists at present is desirable. Furthermore, recognising the localised nature of these essential services, it is desirable that the control over the operation and maintenance of the facilities should be in the hands of peoples' institutions and local associations, with adequate resources being made available either from the exchequer or through devolution of powers to raise such resources.

1.38 In recent years the problems of rapid urbanisation has become acute. There has been a progressive decline in the availability of essential services as well as in the quality of life in urban areas. The urban poor have been the worst affected segment in this process of decline. The health and environmental consequences of increasing population density, lack of safe drinking water and inadequate urban sanitation are likely to become further aggravated unless steps are initiated during the Ninth Plan to improve the situation through a well considered and articulated urbanisation policy with identified programme components including those for disease surveillance, epidemic control and urban solid and liquid waste management.

1.39 Social and demographic indicators cannot improve merely through increased investment, but in addition require a significant change in social attitudes and behavioural responses of the people. In order to achieve these objectives, there is no alternative to social mobilisation and community participation. In this process the role of women is critical. The process of empowerment of women at the political level has already begun, but it needs to be carried forward into the social and economic spheres as well. Special emphasis would have to be placed on ensuring that control of social infrastructure, particularly in health and education, in the public domain is vested in women and women's organisations.

1.40 A synergy between environment, health and development needs to be explicitly recognised. No development process which leads to an adequate quality of life can be sustained in a situation of deteriorating environmental and ecological conditions. Environmental degradation is usually the outcome of individual actions which do not take into account the externalities imposed on others both in space and time. The market mechanism left to itself does not provide any method of forcing the internalisation of these costs. Indeed, it may actually reinforce such behaviour. As a consequence, it is the responsibility of the government to ensure that the interests of both the current victims of environmental degradation and future generations are adequately protected, without disrupting the process of growth and development. Eventually, the responsibility for preservation of the environment rests on the people themselves. In order for these responsibilities to be properly discharged, however, the rights to a healthy environment have to be unambiguously assigned through legislative action; and people's participation in preservation of the environment fostered through social mobilisation and appropriate organisational structures.

1.41 Finally, all efforts to improve the quality of life can flounder under the pressure of population growth. This is another area where immediate individual interest may be in conflict with both the national interest and the longer-term interests of individuals. While there is evidence that rapid growth and development does generate positive effects towards population containment, the pace of such reduction may not be sufficient in view of the pressures that are being experienced on the nation's limited natural resource base. Concerted public action, both direct and towards awareness-building, is essential for creating the conditions by which the country can stabilise its population at a level that can be sustained in the long-term.

