

REFORMS AND CHILDREN

Issues and Hypotheses
Regarding the Impacts of
Reform Policies on the
Welfare of Children in India,
with special emphasis on
Andhra Pradesh

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Preface

This paper is one of a series of working papers published by the Young Lives project, an innovative longitudinal study of childhood poverty in Ethiopia, India (Andhra Pradesh State), Peru and Vietnam. Between 2002 and 2015, some 2000 children in each country are being tracked and surveyed at 3-4 year intervals from when they are 1 until 14 years of age. Also, 1000 older children in each country are being followed from when they are aged 8 years.

Young Lives is a joint research and policy initiative co-ordinated by an academic consortium (composed of the University of Reading, the London School of Hygiene and Tropical Medicine, London South Bank University and the South African Medical Research Council) and Save the Children UK, incorporating both inter-disciplinary and North-South collaboration.

Young Lives seeks to:

- Produce long-term data on children and poverty in the four research countries
- Draw on this data to develop a nuanced and comparative understanding of childhood poverty dynamics to inform national policy agendas
- Trace associations between key macro policy trends and child outcomes and use these findings as a basis to advocate for policy choices at macro and meso levels that facilitate the reduction of childhood poverty
- Actively engage with ongoing work on poverty alleviation and reduction, involving stakeholders who may use or be impacted by the research throughout the research design, data collection and analyses, and dissemination stages
- Foster public concern about, and encourage political motivation to act on, childhood poverty issues through its advocacy and media work at both national and international levels.

In its first phase, Young Lives has investigated three key story lines - the effects on child well-being of i) access to and use of services, ii) social capital, and iii) household livelihoods. This working paper is one of a series which consider an aspect of each of these story lines in each country. As a working paper, it represents work in progress and the authors welcome comments from readers to contribute to further development of these ideas.

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Abstract

India was a relatively late reformer. It was only in 1991 that a consistent liberalisation and reform programme was introduced. This paper investigates the effects of these macroeconomic and policy changes on the welfare of children in India generally, and in Andhra Pradesh, an actively reforming State in south India, in particular. Since it is impossible to identify clear and uniform causal relationships between policy changes and child welfare, the paper discusses a number of mechanisms through which reforms could have an impact on the rights and capabilities of children in India. These mechanisms are of four different kinds: a) some sectoral policies may have a direct effect on children's rights and capabilities; b) economic policy changes may affect household livelihoods, and thereby indirectly the welfare of children in these households; c) some policies are likely to have an effect on the wider administrative and economic conditions (systems of governance, availability of government funds, etc.), which may impinge on the quality of government services and on child welfare; and d) the reforms may influence social norms, lifestyles and aspirations of people, with consequences for child welfare. Each of these mechanisms is elaborated, and several hypotheses linking reforms with welfare of children are discussed. The paper ends with some suggestions for further research.

Introduction

Children have never received much explicit attention in India's economic policies.¹ They are hardly mentioned in the annual budget speeches,² or in other crucial policy documents. This, of course, does not mean that these policies do not affect them. In various direct and indirect ways, the survival chances, welfare and future of children are affected by macroeconomic and policy changes, as I will argue in this paper. How children are affected is, however, not always easy to ascertain unambiguously. This is so for several reasons. Often policies do not all work in the same direction. In fact, even a relatively coherent set of policies that can be grouped together as 'structural adjustment' can have contradictory effects on children. The effects of policies can also be mitigated or reinforced by other developments. Finally, children themselves do not form a homogeneous group, but they are differentiated along lines of gender, class, caste, religion, age, etc., and policies may have a different impact on different categories of children.

In its discussion of the reform process in India, this paper will focus on India as a whole, as well as on one Indian State, Andhra Pradesh (AP). Andhra Pradesh is a south Indian State with approximately 76 million inhabitants. It is a relatively underdeveloped State, but, especially between 1995 and 2004, it became one of the main advocates of the Indian reform process. Unlike some other State governments, the AP Government during these nine years was very explicit in its attempt to pursue a reform process, and in its intention to make the economic reform policies part of a larger development and governance project (Mooij, 2003). Andhra Pradesh is also the State in India that is selected by the Young Lives project to implement its longitudinal study of childhood poverty and welfare.³

This paper is about reforms, welfare of children and the relationship between the two. The term reforms is used loosely. It refers to macroeconomic changes regarding fiscal, monetary and financial policies, but it also refers to sectoral policy changes (in agriculture, industry or social sectors) as well as to changes in the system of administration or mode of governance. Instead of 'reform', the paper, hence, also uses the term 'macroeconomic and policy changes'.⁴ The focus of this paper is especially on the period after 1991 – the year in which India started its reform process.

Children form a diverse category of people. Apart from that, the concept of 'childhood' itself is socially constructed. What is (considered as) a child in one context is different from that in another context. Childhood in middle-class urban India is very different from that in poor Dalit communities in rural India. While, for instance, middle-class children are taught how to learn and use their minds, poor 'low' caste children are often considered primarily as 'a pair of hands', or as children who must be taught to work (Weiner, 1991: 188). Childhood, for these children, is, hence, very different. While acknowledging the existence of these socio-economic and cultural differences, Young Lives has also consciously decided to focus on childhood communalities across countries and contexts, especially in order to be able to draw some general conclusions about causes and consequences of childhood poverty in developing countries.

¹ It is perhaps even possible to make a wider claim, namely that the Indian State has been quite negligent towards child welfare more generally. See, for instance, Weiner (1991).

² For GOI budget speeches see <http://indiabudget.nic.in>.

³ See, for instance, the 'Young Lives Preliminary Country Report: Andhra Pradesh', by Galab et al (2003).

⁴ See White and Masters (n.d.).

In its attempt to define key areas of rights, Young Lives has drawn upon the 1989 UN Convention on the Rights of the Child, and identified the following areas:

- Survival (adequate living conditions and health care)
- Protection (freedom from exploitation, corruption and abuse and access to the justice system; perceptions of security and safety of living environment)
- Development (education, play and leisure)
- Participation (freedom to express opinions, the extent to which children feel their opinions are taken into account, the extent to which they feel they have control over their lives and can play an active role in society).

The present paper focuses particularly on three of these important rights and capabilities, namely:

- (1) material well-being
- (2) survival and health, and
- (3) education.

A fourth issue, namely participation, is taken up briefly in the concluding part of this paper.

The relationship between reforms and welfare of children is not easy to establish, as was mentioned already. In principle it is possible to develop general equilibrium models to analyse the effects of various macroeconomic and policy changes, but that is not the objective of this paper. What I will do instead is to discuss some of the mechanisms through which reforms could have an impact on rights and capabilities of children in India. This discussion will be based on data and secondary literature, pertaining mostly, but not exclusively, to India. Various kinds of mechanisms, more direct and more indirect ones, will be distinguished and discussed.

The impact of the reforms on children received considerable attention in the late 1980s and early 1990s, especially after the publication of Unicef's *Adjustment with a Human Face* (Cornia, Jolly and Stewart, 1987). Based on experiences in ten countries, mainly in Latin America, Africa and east Asia, this study showed that adjustment often had very negative effects on the welfare of children. In many countries, there had been deterioration in most indicators of child development during the adjustment period. This was especially so because social investments in health, nutrition and education had been reduced, but also because unemployment and loss of family income meant that families had less money to spend on their children. The Unicef report has played a significant role in subsequent reform discussions and practices, and, since the early 1990s, donors and international financial agencies, as well as country governments introducing reforms, have become much more 'human face' conscious, at least in their rhetoric. India was no exception in this regard. When the reforms were introduced in 1991, the Indian finance minister made it immediately clear that the government 'was committed to adjustment with a human face'.⁵ This reassurance, however, was not sufficient to remove the concerns of large numbers of people about the social impact of the reforms. From the start, there have been

⁵ Budget Speech of Finance Minister Manmohan Singh, 1991–92, point 8. See also point 45 of this budget speech.

many apprehensions that the reforms would lead to a decline in social welfare in general, and child welfare in particular. So far, however, very few comprehensive studies have been done to assess the impact of the reforms specifically on children,⁶ and the present paper can be seen as an attempt to stimulate more research and debate in this important area.

The paper begins in the second section with a short review of the various reforms that have been introduced in India and Andhra Pradesh since 1991. Section 3 discusses changes in children's welfare since 1991, focusing particularly on a) material well-being, b) survival and health, and c) education and development. The fourth section discusses various mechanisms through which reforms (could) influence rights and capabilities of children. It will be impossible to draw firm conclusions, but this discussion leads to a number of questions and issues that could be taken up in further research. These are summarised in the concluding section of this paper.

⁶ An early study is Saleth (1993). This paper develops a model of linkages and mechanisms through which structural adjustment and child welfare are related, in order to say something about likely strategies of the government and of pro-child professionals.

2. Macroeconomic and Policy Changes since 1991

2.1 India

Although there had been earlier episodes of economic liberalisation, the year 1991 is often referred to as the start of the reform process in India. In 1991, a new government announced its first reform measures almost immediately after it assumed office in June 1991. The immediate trigger was an acute balance of payment crisis: foreign exchange reserves barely sufficed to cover two weeks of imports. The rupee was devaluated, and various international loans helped to resolve the most pressing problems. The government continued to introduce new reform measures in various key economic sectors during its term. The reforms continued after 1996 when the Congress (I) government was replaced by a coalition headed by the Janata Dal and later when various coalitions led by the Hindu–fundamentalist Bharatiya Janata Party (BJP) ruled the country.

Table 1 summarises the main reform policies that have been introduced since 1991. The greatest changes have taken place in trade and industrial policy. The import tariffs were brought down considerably from a weighted average rate of 87 per cent in 1990–91 to 29 per cent in 2001–02. Although these tariffs are still much higher than those of many other developing countries, they are much less than what they used to be (Williamson and Zaghera, 2002: tables 3 and 7). The import licensing system was abolished in 1991 (with the exception of most consumer items). Industrial licensing was also abolished for all but 18 industries, and the number of industries reserved for the public sector has been reduced from 17 in 1991–92 to 3 in 2000–2001 (Srinivasan, 2003: 13). The controls on foreign capital inflows have been relaxed, and foreign investment up to 51 per cent equity holdings is now automatically approved for 34 high priority industries.

In other sectors, however, the reforms have been much less radical. The examples usually mentioned by advocates of the reforms of areas in which reforms are necessary but neglected are agriculture, disinvestments and privatisation of public sector units, and labour. The reasons for this neglect, according to Varshney (1999), are primarily political. ‘Reforms that touch, directly or primarily, elite politics have gone farthest: a large devaluation of the currency, a restructuring of capital markets, a liberalization of the trade regime, and a simplification of investment rules’ (ibid: 249). Reforms that have positive political consequences in mass politics have been implemented, but reforms that have potentially negative or highly uncertain consequences in mass politics have either been completely ignored, or pursued half-heartedly (ibid: 249).

Table 1 Reforms in India after 1991

	Main Reform Policies	Further Comments
Fiscal, Monetary and Financial Policy	1991 – 18% devaluation of the rupee After 1991 – gradual introduction of full convertibility for current account transactions Liberalisation of foreign exchange dealings Attempt to reduce fiscal deficit Limited tax reforms 1991 – liberalisation of banking Gradual freeing of interest rates 1999 – reform of insurance sector 2004 – relaxation of capital controls Reform of regulatory institutions, such as the Securities and Exchange Board of India and the Insurance Regulatory Authority	Fiscal deficit was initially reduced but started to increase again from 1993–94 onwards Recommendations on tax reforms of Kelkar committees (2002) not implemented; VAT not (yet) implemented. But there have been changes in tax rates and a shift towards direct tax collection
Trade Policy	1991 – virtual abolition of import licensing controls From 1991 – gradual reduction of custom duties and tariffs 1991 – elimination of import quantity restrictions on intermediate and capital goods 1998–2001 – elimination of quantity restrictions on consumer goods	
Industrial Policy and Foreign Capital	1991 – virtual abolition of industrial licensing; further abolition in 1998–99 Sharp reduction of industries reserved for public sector (opening-up of electricity and telecommunications) 1991 and 1997 – substantive relaxation of foreign investment up to 51% equity Gradual liberalisation of foreign direct and portfolio investment	Reservation of products for small-scale industry still largely in place Power: unbundling took place; 10% of generation is in private hands; distribution still by and large done by Public Sector Units; tariff increases meet with resistance Telecommunications: reforms widely regarded as success
Agricultural Policy	Abolition of restrictions on movements of commodities and liberalisation of agricultural trade Liberalisation of exports	Continuation of subsidy on fertilizer, food and power Basic staple prices controlled by minimum support prices
Social Sector	After 1993 – gradual shift away from wage employment anti-poverty schemes to human development programmes 1997 – introduction of targeting in public food distribution system 2001 – enactment of 93 rd Amendment to the Constitution, making education a fundamental right 2002 – new health policy moving away from the idea of comprehensive primary health care (which was never implemented anyway) towards more modest goals Various new schemes for children generally and girl children	
Labour Policies	2001 – proposals were made to reduce ‘labour market rigidities’	Proposals still not formally accepted, but in reality gradual changes have taken place
Privatisation and Disinvestments	1991 – disinvestments policy started officially Greater autonomy/accountability for public enterprises	Large-scale disinvestments and privatisation still to take place, but from 2001 onwards the policy started to gain momentum (Telecom, Maruti)
Governance and Administration	1992 – enactment of 73 rd and 74 th Amendments of the Constitution 1997 – implementation of salary revisions as recommended by Fifth Pay Commission Report	No significant reduction in the size of government, despite various recommendations

Sources: Acharya (2002); Gol Budget Speeches; Jenkins (1999); Mooij and Dev (2002); RoyChowdhury (2005); Srinivasan (2003); Williamson and Zaghera (2002); Mahendra Dev (personal communication)

No doubt, there is a lot of truth in this interpretation that the speed and emphasis of the reforms are influenced by political considerations. On the other hand, it is not true that nothing happened or could happen in the politically sensitive policy areas. As Jenkins (1999) argued, even when reform initiatives did not attract headlines, they may have proceeded, albeit quietly and slowly, but often to an extent that was unthinkable before the onset of the reforms. About agriculture, for instance, Jenkins (1999: 25) writes that ‘it is worth emphasising that even in this neglected sector, more has been accomplished than almost anyone had expected (...). Key reforms include abolition of central government restrictions on the movement of agricultural commodities between government-defined zones; the freeing of prices on some types of fertilizer; the substantial abandonment of canalisation of agricultural trade through state trading corporations, though with important exceptions; and the dismantling of quantitative restrictions on agricultural trade’. The fact that some reforms were implemented quietly and in inconspicuous ways – as a stealth bomber unnoticed on the radar screen – is actually an important element in Jenkins’ explanation of the consolidation of the reform process: it is exactly because politicians and policy makers pretended that nothing much changed, that they were able to implement considerable policy reforms.

On the whole, the interpretations and assessments of the speed of the reforms vary. Some advocates of the reform process argue that the reforms have lost momentum, or remain unfinished or undone (e.g. Acharya, 2002: 27). Others, however, suggest that India’s gradualism has its advantages. Williamson and Zaghera (2002), for instance, argue that, although India could have moved much faster ‘to put its fiscal house in order, to rid itself of remaining small-scale industry reservations, to liberalize the labor market, to fix the power sector, and to privatize state-owned industries’, the ‘Hindu rate of reform’ meant that India’s economy was sufficiently shielded from the Asian crisis to experience a negative fallout, and that there is time for democratic debate and political discussion. On the other side of the political spectrum, opponents of the reforms argue that the reforms go too fast, and are/were not necessary in the first place. Bhaduri and Nayyar (1996), for instance, state that, yes, there was a balance of payment crisis which needed to be addressed, but there was no reason to take this relatively minor and temporary crisis of liquidity as an indication of (alleged) fundamental flaws of India’s post-Independence development strategy. The government, however, did just that. It asked the IMF for assistance and was forced to accept a reform package that was not based on Indian ‘experience and learning’, but on ‘outside thinking’ (Bhaduri and Nayyar, 1996: 51–2). While there may be some truth in the argument that the reforms in India basically followed the same prescriptive format as elsewhere (Corbridge and Harriss, 2000: 162), it is also important to realise that, although the economic policy change may seem huge in India, as compared to many other developing countries that went through an adjustment process, India’s experience is indeed one of gradualism, with the national government very much in charge.

With regard to the social sector, several developments are noteworthy. Mooij and Dev (2002) have argued that there has been a partial shift away from ‘traditional’ ways of poverty alleviation (mainly through rural wage employment schemes) to human development/basic needs schemes. The emphasis in poverty programmes and rhetoric is no longer primarily on income and work, but more on education, health, housing and rural roads/connectivity. In 1997, the Government of India introduced targeting in the Public Food Distribution System (PDS). The idea was that only households with an

income below the poverty line would benefit from the food subsidy. The intention was both to reduce the food subsidy bill and to make sure that the subsidy reached the poor rather than the better-off. The policy reform has been a failure on both counts: the food subsidy did not come down, and the poor were not better served. In fact, the reform led to a severe crisis in the public distribution system, with food stocks mounting and the delivery system unable to reach the hungry people.

The 93rd Amendment has made elementary education a fundamental right. Whether this Amendment will help in universalising good quality education is, however, a contested issue. Some people have welcomed the Amendment, but critics have pointed out that the Amendment legitimises (and will reinforce) the already existing trend towards a parallel stream of education where poor children receive education by poorly trained and poorly paid para-teachers for just three years. Education, according to such critics, is increasingly reduced to literacy only. Moreover, by placing a duty on the parents, not just to send their children to school but also to 'provide opportunities for education', the door has been opened to gradually transfer the State's obligation to provide education to the parents.⁷ Critics have also pointed out that the 2002 National Health Policy is a step backwards. While the absence of a central policy towards a more comprehensive and universal primary health care system was considered a problem in the first national health policy of 1983, the 2002 policy acknowledges that the funds made available for this goal were inadequate, and sets out a more modest policy 'consistent with our realistic expectations about financial resources' (GoI, 2002b: 1.8).⁸

With regard to other policies affecting children, in 1992, India ratified the UN Convention on the Rights of the Child, and it formulated a National Plan of Action for Children and the Girl Child. A number of programmes were initiated, including the Child Survival and Safe Motherhood Programme to provide integrated antenatal, intranatal and postnatal care to women as well as children; a special package for girl children belonging to families below the poverty line, consisting of an incentive for the mother at the time of delivery and annual scholarships for school-going girls; and the programme of Nutritional Support to Primary Education, known as the Midday Meal Scheme, to provide all children attending government (assisted) primary schools with a hot meal for at least 200 days a year.

One important policy reform that was introduced in the 1990s but that is usually not included in a discussion of 'the reform process' is the enactment of the 73rd and 74th Amendments of the Constitution. These two amendments are about decentralisation of powers to local elected bodies in rural (73rd) and urban (74th) areas. The implementation of this legislation varies considerably from State to State. In some States, elections are held and funds have been devolved to the lower-level institutions, but in other States elections are still not held and/or funds are not devolved.⁹

2.2 Andhra Pradesh

When the Congress (I) government at the Centre started its economic reform process in 1991, Andhra Pradesh, also ruled by a Congress (I) government at that time, followed suit. In August 1991, the Government of AP declared its commitment 'to create conditions conducive for industrial development' and introduced an 'incentive regime which is amongst the most attractive in the country'

⁷ See, for instance, Sadgopal (2001) and (2002).

⁸ For a critique, see Duggal (2003).

⁹ For an overview, see GoI (2002a: 126–8).

(Finance minister's budget speech, August 1991: 5–6, quoted by Suri, 2005: 136). Special schemes were formulated to attract investments from non-resident Indians, and a software technology park was established in Hyderabad (ibid). It was, however, especially from 1995 onwards that the reform process in Andhra Pradesh caught real momentum. The Telugu Desam Party (TDP) had come back to power in Andhra Pradesh in 1993, and after an internal power struggle Chandrababu Naidu became chief minister in August 1995. He became an enthusiastic reformer and it is especially under his chief-ministership that the Andhra Pradesh State Government became one of the main advocates of the Indian reform process.¹⁰ AP was the first State that negotiated an independent loan from the World Bank, for the AP Economic Restructuring Programme. This loan was meant to finance expenditure in neglected social sector areas, but also to support the government in its economic reform policies, including cuts in subsidies, reduction of employment in the civil service, improvement of expenditure management, strengthening revenue mobilisation and public enterprise reform.¹¹ AP is not the only State implementing such reform policies – in fact, there are other States which started earlier with a reform process or which have made more headway – but the explicitness of the AP State Government to pursue a reform process (i.e. especially between 1995 and 2004) and its overt attempt to make the economic reform policies part of a larger development and governance project, is what makes (or made) the reform more prominent and visible than elsewhere.

That AP would become one of the most explicitly reforming States was not exactly foreseeable. The State is a relatively underdeveloped State, depending predominantly on agriculture. Its literacy rate was 61 per cent in 2001 (as compared to 65 per cent in the whole of India) and its human development rank in 1991 was 23 (of 32 States/Union Territories in India).¹² Since the early 1980s the State has been known for its large-scale populism. The then chief minister, N T Rama Rao, a popular filmstar turned political leader, who had founded a regional party (the Telugu Desam Party, or TDP) that had come to power in 1983, had introduced several populist schemes. The most important one was the so-called Rs. 2 per kilo rice scheme, which involved the distribution of 25 kilos of rice at a subsidised rate to about 70–80 per cent of the households. These populist schemes have remained important in AP's political history. The TDP was defeated in 1989, but it came back to power in 1993, partly again because of its promise to reintroduce the Rs. 2 per kilo scheme (which was not exactly abolished by the Congress government but the price had been increased to Rs. 3.50) and other welfare policies. So, it was in this context of underdevelopment and backwardness coupled with a rather extreme form of welfarist populism that the explicit attempt to reform and a very committed leadership emerged.

Soon after Chandrababu Naidu came to power, the TDP government brought out a White Paper on the status of AP government finances. The document emphasised the need for fiscal prudence, curtailing subsidies and addressing the issue of loss-making public sector undertakings. Around the same time the World Bank also did an assessment of the State's financial position and came to broadly similar conclusions, which were taken over by the government and found their way into various policy documents. In 1999, the AP Government brought out the AP *Vision 2020*, a very ambitious¹³ plan laying down what the State should head for in twenty years' time. The reform agenda is very clear in this document. It states that, while the world economy becomes increasingly integrated, new avenues to growth are opened up. In order to capture these opportunities, the State government 'will need to

¹⁰ In 2004, however, Chandrababu Naidu lost the elections. The subsequent Congress-led coalition government seems to follow a similar reform agenda, although less explicitly.

¹¹ 'India–Andhra Pradesh Economic Restructuring Project', Project ID INPE49385, project document downloadable from www.worldbank.org.

¹² All figures from GoI (2002a).

¹³ The document, according to some, is not only ambitious but also unrealistic and blind to ground realities (Narasimha Reddy, 1999). The vision was prepared with the help of consultants from McKinsie.

transform itself and (...) adopt a new role: from being primarily a controller of the economy, it must become a facilitator and catalyst of its growth' (GoAP, 1999: 8).

In the course of the nine years that have passed since Chandrababu Naidu was in power, several bold steps and unpopular measures have been taken, such as raising electricity charges for a wide variety of consumers, increasing the price of subsidised rice (in steps) from Rs. 2 per kilo to Rs. 5.25 per kilo, and a partial lifting of prohibition. Several other policies and programmes, some linked directly to economic reforms and some not, were introduced or intensified, and often highly publicised, such as the Janmabhoomi (a rural development programme), the participatory irrigation management reform, and the Development of Women and Children in Rural Areas (DWCRA). See table 2 for an overview of policy changes in Andhra Pradesh.

Table 2 Reforms in Andhra Pradesh

	Main Reforms	Further Comments
Industrial Policy	Proactive measures, media campaigns to promote foresightedness Various incentives for ICT and biotechnology industry in order to attract more foreign investors	
Power	Unbundling the AP State Electricity Board into six companies; establishment of a Regulatory Committee; greater role for private sector (World Bank funded)	Privatisation of companies still to take place Autonomy of the Regulatory Committee not yet realised
Privatisation and Disinvestments	1997 – 39 State-level public enterprises and 18 cooperatives identified for privatisation or restructuring (World Bank supported)	By October 2002, 11 units were closed, 8 were privatised and 6 were restructured/downsized, while 15 were in the process of privatisation or closure
Irrigation	1996–97 – irrigation reform, to introduce participatory irrigation management. Establishment of (elected) Water Users Associations	Elections were held in 1997, but 2002 elections have been postponed. (At the time of finalising this paper, October 2005, they have been held in some but not all of the ten districts in which they had to be held.) Project Committees at system level have not yet been formed
Health	1980s – reforms in order to give more autonomy to secondary hospitals 1995–2002 – AP First Referral Health Systems Project: upgrading of hospitals; introduction of user charges; greater autonomy to hospitals (through advisory committees) (World Bank supported) 1998–2002 – Primary Health Care Project (World Bank supported) 2002 – development of a medium-term health strategy and expenditure framework (DFID funded)	There has been a spurt in private sector health provisioning
Education	No major reforms District Primary Education Programme (DPEP) was implemented (donor funded) Formation of self-help groups (teacher–parent associations; village school committees)	There has been a spurt in private educational institutions
Poverty Alleviation	District Poverty Initiative Programme (DPIP) was introduced, initially in 6 districts, to be expanded to all districts (World Bank funded) Establishment of women self-help groups (under the Development of Women and Children in Rural Areas) and DPIP Subsidised rice price increased in order to bring down State food subsidy	Women self-help groups have really taken off in Andhra Pradesh
Rural Development	1997 – Janmabhoomi programme (literally 'land of one's birth'). It aims to bring government to the people, is based on voluntary labour contributions and involves microplanning at the grassroots level	This was a TDP flagship programme but has lost much of its momentum over the years. The programme has been very instrumental for the TDP to strengthen its base at the local level
Governance and Administration	Introduction of various e-governance measures Introduction of performance assessments and bureaucratic targets	Certain initiatives have been very successful, but others (e.g. electronic file movement) remain a distant dream. On the whole, despite a lot of rhetoric, 'politics as usual' continues

Sources: Kennedy (2004); Mooij (2003); Narayana (2003); Ramachandraiah and Patnaik (2005); Sreekumar, Thimma Reddy and Uma Rao (mimeo); Suri (2005)

It is not that the Chandrababu regime stopped being populist. The regime continued to be very populist, especially during election time. According to Suri (2005: 147), during the 1998 election campaign Chandrababu Naidu was '[l]ike a political wizard, [pulling] one welfare scheme after another from his hat If Chandrababu Naidu appeared pragmatic in his advocacy of fiscal prudence and downsizing of government after he came to power in 1995, he appeared equally pragmatic in his fiscal profligacy on the eve of elections'. Many of these schemes, however, suffer from lack of funds or poor implementation.

The all-India *Panchayati Raj* legislation (73rd and 74th Amendments of the Constitution) has been poorly implemented in Andhra Pradesh. According to a report of the World Bank, the *panchayat* (council, local government) institutions are ignored, marginalised and starved of funds (World Bank, 2000). Elections were reluctantly held in 2001, but funds have hardly been devolved, and the (elected) district council is much less powerful than the district collector. Instead of this *panchayat* form of decentralisation, Andhra Pradesh has implemented another form of decentralisation, centring around stakeholders' committees and self-help groups. A large number of development programmes are implemented through stakeholder committees, and many sectoral reforms involve the formation of such groups or committees (e.g. water users' associations, hospital advisory committees, etc.). The official ideology is that stakeholder organisations will help in raising ownership and involvement in policy processes at the local level, financial contributions, and government accountability and quality of services. It is hard to make general statements about the extent to which these objectives have been achieved – in certain sectors and in certain regions the committees seem to function better than elsewhere¹⁴ – but so far there are no indications that stakeholder group formation really functions as a mechanism to take the government to task and demand better services.¹⁵

¹⁴ To mention a few examples, the Participatory Irrigation Management reform is often mentioned as an example of success. Based on field-work in southern Andhra Pradesh, however, Mollinga, Doraiswamy and Engbersen (2001) conclude that the 'Irrigation Department engineers are under considerable pressure from the top to work in a different manner, but hardly so from the bottom' (p. 371). The Hospital Advisory Committees, according to Venkata Rao (n.d.), are potentially useful, but in actual practice too subordinated to the district collectors. The DWCRA groups seem to be successful in the sense that they bring women together and help in improving literacy rates and implementing family planning programmes, but the groups have not started challenging existing social relations (Mooij, 2002).

¹⁵ Perhaps the contrary is even true. Recent research in Andhra Pradesh makes clear that committee formation happens in tandem with a deepening of party structures, and should be seen as a deliberate strategy of the ruling party to increase its support base (Powis, 2003).

3. Changes in Welfare of Children – An Aggregated Picture

The question addressed in this section is how capabilities and rights of children have changed in the period after 1991. The focus will be on a) material well-being, b) survival and health, and c) education. This section only describes aggregate trends.

3.1 Material Well-being

Material well-being can be operationalised in terms of income or poverty levels. Poverty figures do not exist for different age groups, but are based on household data. What is available, however, are data about child nutritional status.

There has been a lot of debate about whether poverty decreased or increased in the 1990s, but the consensus now seems to be that poverty decreased, although inequality increased, and several scholars maintain that the ‘rate of poverty reduction in the 1990s is slightly lower than that of the 1980s, and lower than one would have expected given the growth in the 1990s’ (Datt, Kozel and Ravallion, 2003: 355). Growth has been unevenly distributed over sectors and regions, and the impact on poverty is, hence, also unequal and less than what could have been (Datt, Kozel and Ravallion, 2003).

Table 3 provides data of poverty trends. The official data are estimates made by the Planning Commission based on National Sample Survey (NSS) data.¹⁶ One of the problems with these estimates is, however, that the 1999–2000 NSS data are not completely comparable to the data collected in earlier rounds due to changes in the questionnaire. Deaton and Dreze (2002) developed an alternative methodology adjusting for this (as well as some other) problem(s).

Table 3 Poverty Headcount, India and Andhra Pradesh (per cent)

	Official Methodology						Adjusted Estimates					
	Rural			Urban			Rural			Urban		
	87–88	93–99	99–00	87–88	93–94	99–00	87–88	93–94	99–00	87–88	93–94	99–00
AP	21.0	15.9	10.5	41.1	38.8	27.2	35.0	29.2	26.2	23.4	17.8	10.8
India	39.4	37.1	26.8	39.1	32.9	24.1	39.0	33.0	26.3	22.5	17.8	12.0

Source: Deaton and Dreze (2002)

The two methodologies lead to very different poverty estimates. With regard to India as a whole, the adjusted estimates give a much lower urban poverty rate. The rural poverty rate of both

¹⁶ In this paper I make use of several statistical databases, in particular the results of the National Sample Surveys. I am aware of the fact that some scholars have questioned the reliability of these data sources (Vaidyanathan, 2001; in relation to labour force data: Hirway, 2002), although it remains surprising how little critical analysis there is of the validity and reliability of the NSS data. There are extensive debates about the calculations made on the basis of the primary data, but there is much less debate about structural biases in data collection methodologies and practices.

estimates is more or less the same for India as a whole. With regard to Andhra Pradesh, the adjusted estimate gives much higher rural poverty rates, but much lower urban poverty rates than the official methodology. The overall trends in poverty following from these two methodologies are, however, the same. Both methodologies show a rather sharp decline in poverty incidence between 1993–94 and 1999–2000.

What is important to keep in mind, of course, is that household poverty figures might underestimate the extent of child poverty. The intra-family allocation of food and other resources is sometimes biased against women and (especially girl-) children. In her review of the evidence regarding intra-family distribution of hunger, Harriss (1995) concludes tentatively (the topic is under-researched, and evidence is sometimes contradictory) that there is, indeed, intra-household inequality in food intake, but that the discrimination varies with age, social class and region. Discrimination in food allocation within households seems to be greater in north India than in south India. In the centre and the south, where the absolute food intake is lower, it is especially weanlings and very young children of both sexes (and possibly, although controversially, also adult men) who receive a relatively small share.

Table 4 provides data regarding the nutritional status of children, based on weight-for-age ratios. Severe and moderate malnutrition has come down. If these two categories are taken together, the incidence has come down from 56.2 per cent in the whole of India in 1991–92 to 47.7 per cent in 2000–2001. In Andhra Pradesh, the incidence has come down from 50.8 per cent to 39.9. The trend is in the right direction, but still almost half of the children are moderately or severely malnourished and the nutritional status of only 9 per cent of the children can be considered as normal.

Table 4 Nutritional Status of Children, India (Aged 1–5 Years)*

	Normal	Malnutrition		
		Mild	Moderate	Severe
AP				
1991–1992	9.9	39.2	41.9	8.9
2000–2001	11.5	48.6	35.8	4.1
India				
1991–1992	7.2	36.3	45.1	11.1
2000–2001	9.0	43.3	41.3	6.4

Source: Dev (2003: table 5), based on National Centre for Health Statistics

* The figures relate to rural India, and are based on data from 8 sample States.

3.2 Survival and Health

The main indicators for survival and health are infant and child mortality rates. As can be seen from table 5, the infant and child mortality rates continued to decline in the 1990s.

Table 5 Infant and Child Mortality Rates

	1981	1992-93	1998-99
AP			
Infant Mortality Rates	91	71	66
Under-Five Mortality Rates	139	93	87
India			
Infant Mortality Rates	115	79	68
Under-Five Mortality Rates	152	113	97

Source: 1981 data from Gol (2002a), based on census reports; other data based on Masset and White (n.d.: table 2), based on National Family Health Survey data

There is, however, a stark difference between the survival chances of boys and of girls. See table 6. The juvenile sex ratio (i.e. number of girls per 1000 boys) continues to decrease, and reached an all-time low in 2001, suggesting female foeticide and/or neglect of girl children. So, while the overall health and survival chances of children improved in the 1990s, the relative survival chances of girls as compared to boys declined. The low sex ratio is related to gender discrimination generally, and son preference in particular. Masset and White (n.d.: 21) found that girl children have a much higher chance of surviving their first year if they have male siblings, than if they do not. The probability of death in their first year increases with the number of female siblings.

In AP the juvenile sex ratio in 2001 was 964, while it was 978 in 1991 and 1000 in 1981.¹⁷ Andhra Pradesh, hence, follows the same trend as India as a whole, but the relative survival chances of girls are slightly better than in India on average.

Table 6 Juvenile Sex Ratios for India, 1961–2001

	Sex Ratio
1961	976*
1971	964*
1981	962*
1991	955*
2001	927**

Sources: Chunkath and Athreya (1997); Gol (2002a: table 5.25)

* 0–4 years, ** 0–6 years

3.3 Education and Development

There are two main indicators for education and development, namely literacy rates (an outcome indicator) and school attendance rates (a process indicator). Literacy increased considerably in the 1990s. The increase in female literacy was greater than the increase in male literacy, which means that the gender gap decreases, albeit slowly. Still, in 2001, just over 50 per cent of women were literate while about three-quarters of the male population were literate. The percentages in Andhra Pradesh are still lower than the national averages, but the State is catching up.

¹⁷ The 1981 and 1991 figures pertain to age group 0–4; the 2001 figure to age group 0–6. Source: GoI (2002a: table 5.25), based on Census data.

Table 7 Literacy Rates

AP	1981	1991	2001	India	1981	1991	2001
Rural	27.85	35.74	55.33	Rural	36.01	44.69	59.21
Urban	61.00	66.35	76.39	Urban			80.06
Female	24.16	32.72	51.17	Female	29.76	39.29	54.03
Male	46.83	55.13	70.85	Male	56.38	64.13	75.64
All AP	35.66	44.09	61.11	All India	43.57	52.21	65.20

Source: Gol (2002a), based on Census

Increases in literacy have to do with children's access to school, but not only that. They also depend on adult literacy campaigns. Table 8 is about child literacy. Unfortunately, age-specific data are not yet available from the Census 2001, but based on 1998–99 data from the National Family Health Survey it is nevertheless possible to observe that literacy rates among children increased significantly in the 1990s. Table 9 gives information on school attendance, which increased in the 1990s, both in India as a whole and in Andhra Pradesh. Again, girls are catching up with boys.

Table 8 Literacy Rate by Age Group

		1981	1991	1998–99
7–14	Male	60.8	70.3	
	Female	41.3	55.8	
	Total	51.3	63.3	
10–14	Male	66.1	76.9	
	Female	44.7	59.5	
	Total	55.9	68.6	81.8

Source: NIEPA (2002: table 23.1) based on Census; 1998–99 data from Srivastava (2002) based on National Family Health Survey 2

Table 9 Proportion of Children aged 6–14 Attending School (%)

	Female		Male	
	1992–93	1998–99	1992–93	1998–99
AP	55	71	72	81
India	59	74	76	83

Source: Dreze and Sen (2002: table A3), based on publications of the International Institute of Population Sciences

To conclude this short overview of changes in children's welfare, there are a few points worth mentioning:

1. On the whole the situation of children improved in the 1990s. The percentage of malnourished and illiterate children came down. More children survive and go to school. The overall situation, however, is still far from satisfactory. Almost half of the children in India are moderately or severely malnourished. Almost 10 per cent of the children that are born alive will not reach the age of five, and about 20 per cent of children do not attend school. The situation is worse for girls than for boys.
2. Although there is an overall improvement, there does not seem to be a positive trend break after 1991. In the 1980s, too, there was a gradual improvement in the overall situation of children. The only area in which the 1990s showed an acceleration as compared to the 1980s is literacy. While literacy rates increased only by 9 per cent in the 1980s, the increase was 13 per cent in the 1990s.
3. In the area of literacy, women are catching up with men. The relative survival chances of girls as compared to boys, however, further deteriorated in the 1990s.
4. Andhra Pradesh follows the all-India trends. The infant and child mortality rates are slightly better than the all-India figures, but the literacy rates are lower. The State is, however, catching up with the rest of India.

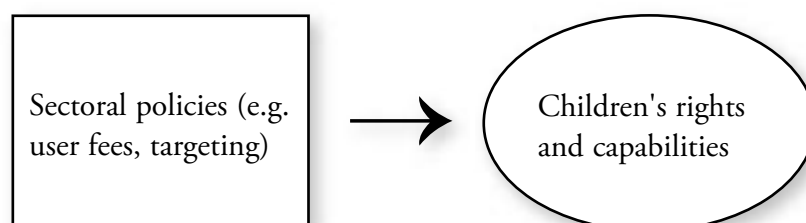
4. Reforms and the Welfare of Children

Section 2 of this paper described some major changes in the macroeconomic and policy environment in India. Section 3 discussed aggregate trends in some important indicators of capabilities and rights of children. The question is: is there a relationship between the macroeconomic and policy changes on the one hand, and child welfare on the other? If so, what is this relationship?

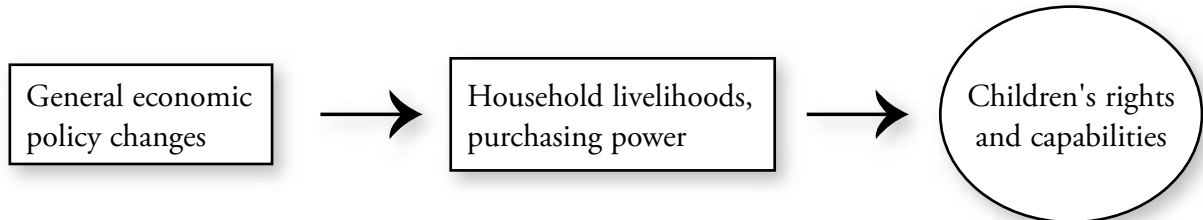
On the basis of the above discussed trends, it is impossible to deduce a clear, let alone, causal relationship. First, there is too much variation within India. Correlations that seem to exist in one State do not seem to exist elsewhere. Andhra Pradesh and Gujarat are both States at the forefront of the reform process, but while literacy rates increased by 20 per cent in AP between 1991 and 2001, they increased by only 5 per cent in Gujarat in the same decade. Uttar Pradesh is hardly reforming, but the literacy rate increased by 17 per cent from 37 per cent in 1991 to 54 in 2001 (GoI, 2002a). Second, even if there seems to be a correlation, it is difficult to assess whether this is caused by reform policies. We do not know, for instance, how literacy rates would have changed in the absence of the reform. Third, the category of children is very diverse. The above discussion has illustrated already that while, on the whole, infant mortality rates have improved, the relative survival chances of girls have deteriorated. Overall poverty may come down, while simultaneously the poverty of specific groups may have intensified. An aggregated picture is likely to hide important variations within the category of children.

Despite these difficulties to observe or deduce clear or causal relationships at the aggregate level, it may nevertheless be possible to say something about the relationship between macroeconomic and policy changes and children's welfare. In principle, it is possible to distinguish different kinds of hypothetical mechanisms through which reform policies could influence children's rights and capabilities. These mechanisms can be studied in more detail, and, by doing so, it may be possible to establish a relation between reforms and children's welfare. Four different mechanisms can be distinguished:

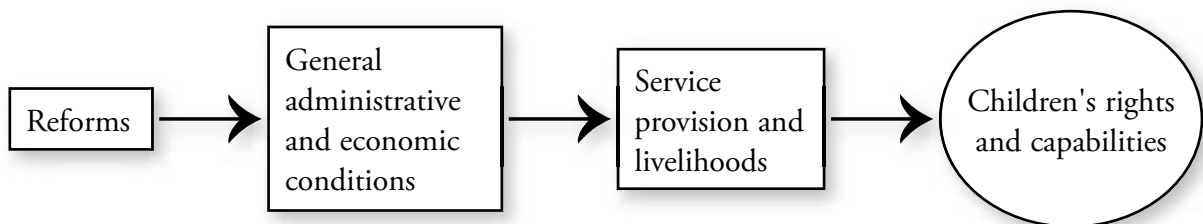
1. **Direct Effects on Public Provisions.** Some sectoral policies may have a direct effect on children's rights and capabilities. The introduction of targeting in the public food distribution system or the introduction of user fees in the government health system are examples of policy changes that may have a direct impact (positive or negative) on the welfare of children.



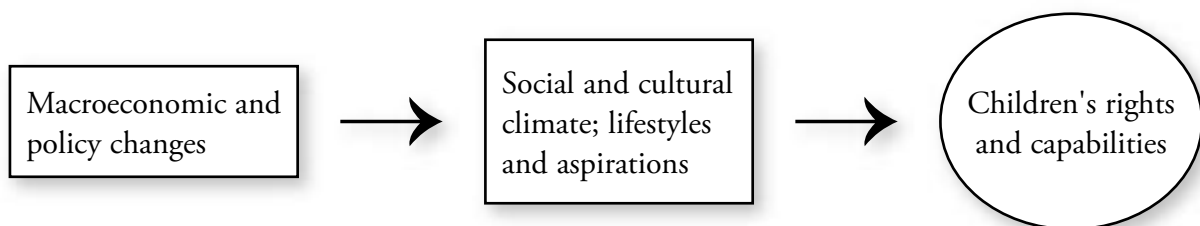
2. **Livelihood Effects.** Some general economic policy changes may have an effect on livelihoods of some households, which will have an effect on the rights and capabilities of children in these households. Negative effects may occur because employment opportunities decrease, wages decrease or prices increase, for instance, as a result of subsidy cuts.



3. **General Policy Effects.** Some policies, such as administrative reforms or economic policies, may have effects on more general administrative and economic conditions. They may affect budget allocations; they may lead to growth or stagnation; they may improve or reduce the quality of governance. In turn these effects may have consequences on social sector service provisioning and the rights and capabilities of children.



4. **Indirect Fallout.** The macroeconomic and policy changes may have an effect on the more general social and cultural climate, lifestyles and aspirations of people. These broader changes can impact on rights and capabilities of children.



These four mechanisms are generic descriptions of possible ways in which reforms are linked to outcomes in terms of children's rights and capabilities. They are *generic* in the sense that they do not yet refer to specific causal relationships linking specific policy changes to specific effects. They only refer to *possible* relationships, because whether or not these relationships exist and how they work in actual practice is still to be investigated in empirical research. In the following I will elaborate each of these mechanisms and will discuss some more specific possible causal relationships that may

(or may not) exist. In other words, I will formulate some hypotheses linking reforms with welfare of children and discuss existing literature and preliminary findings for some of these hypotheses as far as they exist. The hypotheses and discussion is far from exhaustive, although some of the most important issues are covered.

4.1 Direct Effects on Public Provisions

Some sectoral policies are about the organisation of social services and could therefore have a direct impact on rights and capabilities of children. Two examples spring immediately to mind: the introduction of targeting in the Public (food) Distribution System (PDS) and the introduction of user fees in the provision of government health services.

*Targeting of the Public Distribution System*¹⁸

In 1997, the Government of India decided to introduce targeting in the so-far largely universal public food distribution system. The rationale was twofold. Targeting was supposed to reduce government expenditure and it was supposed to increase the programme's effectivity. The PDS was (and still is) one of the major subsidies given by the central government. A reduction of this subsidy fitted into the government's overall aim to reduce its fiscal deficit, and was also suggested by the international financial agencies. By focusing the subsidy especially on those who are most in need, targeting seemed to cut both ways.

The Targeted PDS (TPDS) involved a subdivision of the whole population in two sections: BPL families and APL families, where BPL means below poverty line and APL means above poverty line. The policy is that BPL families receive a certain quantity of rice and wheat (initially 10 kilos per month; later increased to 25 kilos) at subsidised prices, while APL families would gradually be phased out from the system. The allocation of subsidised foodgrains to the various States would take place on the basis of a (headcount) estimation of poverty in these States.

Andhra Pradesh, like most south Indian States, had already some kind of targeting. In 1983, the AP State Government had introduced the so-called Rs. 2 per kilo rice scheme, under which 25 kilos of rice were distributed every month to poor households. Targeting was, however, poor and about 80 per cent of the households managed to get a ration card. The cost was born by the State government. When the TPDS was introduced, the State government did not end its own subsidy programme, and it did not reduce the number of cardholders to the number of poor households as specified by the Government of India.

Targeting of food subsidies, one can hypothesise, increases food intake of poor children. After all, it is poor households which would benefit from a redirection of the subsidies away from the rich and to the poor. The extent to which children in these households benefit depends on the intra-household distribution of food and the substitution effects, but the effect is likely to be positive.¹⁹

¹⁸ See also Mooij (1999).

¹⁹ Bhalotra (2002) estimated the benefits for children from the PDS before targeting was introduced. Based on data collected in 1994 by the National Council of Applied Economic Research (NCAER), she concludes that a) in every State, PDS use by households leads to a positive increase in the total food that is purchased in these households (Bhalotra, 2002: 19), and b) 'the PDS has a significantly positive effect on childhood nutritional status, although the size of this effect is small' (ibid: 24). The effect is slightly larger for boys than for girls, but the difference is not significant.

It is doubtful, however, whether the hypothesis that targeting benefits the poor, or poor children, is true. First of all, the introduction of targeting caused a major crisis in the whole delivery system. APL households lost their interest to buy foodgrains from the ration shops through which the PDS commodities are sold. As a result, the overall income of the ration shop dealers (based on a fixed commission) came down. It became more difficult to run the PDS shops and the quality of the delivery system suffered.²⁰

Second, targeting was done poorly. As we know from the theoretical literature on targeting, there are two types of targeting mistakes: wrong inclusion of the rich, and wrong exclusion of the poor. Both mistakes are probably common, as table 10 suggests, but they are of different natures. While wrong inclusion of the rich results in fiscal or financial costs, wrong exclusion of the poor leads to welfare costs (Swaminathan, 2000: 102). Table 10 shows that the per capita allocation to the poor is higher than that to the non-poor, but that the non-poor nevertheless benefit disproportionately. An average poor person in India receives only 0.85 kilo of foodgrains per month, while a non-poor person receives 1.09 kilo. The allocation ratio poor/non-poor is 1.33, while the actual PDS consumption ratio is only 0.78. In Andhra Pradesh a poor person receives, on average, 10 per cent more foodgrains from the PDS than a non-poor person, but is entitled to receive 23 per cent more. This aggregate picture of poor targeting is confirmed by various micro-studies. A study undertaken by the Centre for Economic and Social Studies in six villages in Andhra Pradesh found that 25–30 per cent of the beneficiaries were not poor, and therefore wrongly included. About half of the poor were wrongly excluded (Dev et al, 2004: 74-9). Swaminathan and Misra (2001) showed on the basis of a village study in rural Maharashtra that the shift from universal to targeted coverage led to a reduction of wrong inclusion but a sharp increase in wrong exclusion: from about 5 to about 50 per cent of the poor.

Table 10 Effectiveness of Targeting, 1999–2000

	Per Capita Allocation of Foodgrain (kg/month)			Per Capita Average Consumption from PDS (kg/month)		
	Poor	Non-Poor	Ratio (poor/non-poor)	Poor	Non-Poor	Ratio (poor/non-poor)
AP	3.2	2.6	1.23	2.53	2.29	1.10
India	2.4	1.8	1.33	0.85	1.09	0.78

Sources: PDS consumption data from handout prepared by Jean Dreze and Reetika Khera for a workshop on 'Reform of the PDS' held at the Centre for Development Economics (Delhi School of Economics), 9 January 2003, based on NSS 55th round (1999–2000) per capita allocation of foodgrain calculated on the basis of allocation figures from (Abjihit) Sen Committee (2002: 203–4) and poverty figures (Gol, 2002a: table 2.21). Note: this table is only about quantities of foodgrain, and not about subsidies: the poor are assumed to pay less for a kilo than the non-poor.

All this does not, however, mean that the poor do not benefit from the PDS. Based on data from the 1986–87 and 1999–2000 National Sample Surveys, Dev et al (2004) calculated the income gains from PDS. See table 11. The income gain for the rural poor is almost 2 per cent in 1999–2000, a percentage point more than what it was in 1986–87. There was a marginal reduction, however, in income gain for the urban poor. There is considerable inter-State variation. In Andhra Pradesh, poor people gain much more in their income than in most other Indian States.

²⁰ Procurement operations, however, remained uninterrupted. The result was an expansion of the foodstocks held by the Government of India. These exceeded 60 million tonnes in the middle of 2002. As a result, the food subsidy has not come down – which was one of the initial objectives of the Targeted PDS. While the food subsidy was 51.7 billion rupees in 1996–97 (2.46 per cent of government expenditure) it was 176.1 billion rupees in 2001–02 (4.84 per cent of government expenditure) (Virmani and Rajeev, 2002).

Table 11 Income Gain from PDS Foodgrain Distribution, as % of Consumer Expenditure

	Rural		Urban	
	Poor	Non-poor	Poor	Non-poor
AP				
1986–87	4.30	1.73	3.52	1.02
1999–00	5.49	2.62	4.09	1.09
India				
1986–87	0.97	0.51	1.31	0.49
1999–00	1.98	0.53	1.29	0.45

Source: Dev et al (2004: tables 25 and 26)

To conclude, it is hard to say whether and to what extent poor people (and poor children) have benefited from the introduction of targeting. The high percentages of wrong exclusion suggest that targeting has led to access problems for the most vulnerable among the poor (seasonal migrants, split families, etc.). On the other hand, the income gains for the rural poor from the PDS were higher in 1999–2000 than in 1986–87, which could be related to the introduction of targeting. It is, however, important to differentiate between States: in several States (for instance Uttar Pradesh) there are virtually no income gains at all. A much more detailed study is necessary to get a better idea of who exactly is excluded from the PDS and why, and what the benefits are for various categories of poor people in different States and regions.

Introduction of User Charges in Government Health Services

Health service provision is one of the main determinants of infant mortality in India, even more than economic well-being, as concluded in earlier research work done as part of the Young Lives project.²¹ The question of what the impact of the reforms is on access and quality of health services is, hence, an important one.

Health is a State subject and changes in health policy are, hence, primarily made at the level of the State.²² Decisions about health reforms are made at the State level. Andhra Pradesh has experienced several reforms, most of primary- and secondary-level health facilities. The two major initiatives in the 1990s were the AP First Referral Health Systems Project (1995–2002) and the Primary Health Care Project. The first project involved a serious renovation and upgrading of secondary hospitals (at district level), as well as the introduction of some major policy changes. The second project involved the upgrading of primary health care centres, strengthening institutional capacity and increasing community participation. Both projects were supported by the World Bank, and fitted in with the World Bank approach to health as laid down in the 1993 World Development Report. Cost recovery through the introduction of user charges became important, as well as promotion of market forces through contracting out services in public hospitals to the private sector and by encouraging the expansion of private sector health care facilities (Narayana, 2003).

User charges have been introduced in the secondary hospitals, but not in the primary health care centres. Their introduction proved, however, to be sensitive, and the first commissioner in charge of

²¹ See Masset and White, n.d.

²² The central government is important particularly in the area of disease campaigns and epidemics. There are a number of vertical programmes related to malaria, leprosy, AIDS, tuberculosis, etc., which are initiated by the Centre and implemented more or less in the same fashion all over India.

the secondary hospitals who raised it was reportedly ‘sacked within three months by the government for announcing the introduction of user charges which created furore in the state legislative assembly’ (Narayana, 2003: 1238). The subsequent establishment of hospital advisory committees, consisting of members of the legislative assembly, responsible for the collection and use of money, however, helped in the introduction of user charges. Poor people (those who have BPL ration cards) are officially exempt from user charges. Andhra Pradesh is not the only State in which user charges have been introduced. There are many more.

According to the advocates of user charges, user charges may help to a) discourage unnecessary use of health facilities, b) create greater accountability, by making health consumers more conscious of quality issues and more demanding in the case of quality lapses, and c) create funds which may be invested in order to improve the availability and quality of services. Seen from this perspective, one could hypothesise that the introduction of user charges improves the welfare of (poor) children. There is, however, also an alternative position, which emphasises the fact that the introduction of user charges creates additional barriers in public health care and will lead to a restriction of access to poor people.

Purohit (n.d.) discusses experiences in other countries. On the whole, these show a reduction in health care utilisation as a result of user charges. ‘For example, in Zaïre it was observed that a price increase in health services overall led to a fall in utilization rate from 37 percent to 31 percent (...). Generally it is the poor who tend to respond negatively to price increases thereby affecting equity’ (Purohit, n.d.: 5–6). There are, however, exceptions to this general rule. As far as I know, so far no studies have been published that assess the impact of user charges on utilisation of government health care by the poor in Andhra Pradesh (or India generally), but it would be likely that, if anything, they have restricted access, rather than improved quality of care.²³ First, the user charges come on top of other costs already incurred, related to transport to the hospital, food to be bought from outside for the patient and caretakers, medicines, bribes to hospital staff and workers, etc. For a poor person, going to the hospital was always already a major expense (Krishnan, 1999). Second, although BPL ration cardholders are exempt from user charges, many poor people do not have a BPL card, as was discussed above. Third, altogether, the fees that are collected are small compared to the costs of running a hospital and are unlikely to result in major quality improvements. Most people who make use of government hospitals are desperately poor – otherwise they would have gone to a private hospital. Large-scale collection of user charges from this group of people is impossible, and one should, hence, have only modest expectations regarding what can be done with the collected user fees (Baru, 2001). Nevertheless, it is important to stress that, in order to move beyond such hypothetical statements, it is necessary to do empirical research. In the end, the question whether (or under which conditions) user charges lead to higher levels of exclusion and under which conditions they contribute to better services, can only be answered empirically.

4.2 Livelihood Effects

There is no doubt that the macroeconomic and policy changes since 1991 have had important negative effects on the livelihoods of particular sections of the population, even though this is not visible in

²³ Ravi Duggal (Centre for Enquiry into Health and Allied Themes – CEHAT, Mumbai) mentioned that there has been a study on the introduction of user charges in Maharashtra, which showed that user charges initially reduced access of the poor but that this effect lasted only for two years (personal communication).

overall trends in poverty. This livelihood deterioration is likely to have a negative impact on the welfare of children in these households. Several mechanisms may be important in eroding livelihoods. The following discussion focuses primarily on employment, and less on changes in purchasing power as a result of price increases or subsidy cuts (such as, for instance, the price hike in kerosene, the cooking fuel of the poor).

Trade liberalisation may have adverse effects on particular categories of producers. The list of people/households who may be affected is almost endless: handloom weavers, tailors and labourers in spinning mills which have been closed; producers of groundnuts which have been negatively affected by imports of soya and palmoil; silk spinners and twistors who lost their jobs because of imports of 'China-Korea' silk yarn; workers in local small-scale automobile spare parts or light bulb industries that could not compete with imports, etc. For many day-to-day consumer items that were previously produced in local markets, there is now a ready-made alternative, sometimes imported and sometimes produced in India in a joint venture. Some of the affected people may have found a new livelihood in a similar business (some *dhobis*, washer(wo)men, becoming dry cleaners, for instance), but there are also many examples of people losing their livelihoods. This could be compensated, of course, by the creation of new employment opportunities, for instance, as a result of increased export possibilities. Panini (1995), however, notes that when occupations become more profitable, for instance because of new export opportunities, newcomers may start taking them up. He mentions the example of leather work – an activity traditionally undertaken by particular lower caste communities. With the increasing export market and profitability of the leather industry, modern entrepreneurs enter this sector, and start competing with the traditional leather workers.

So, an important question is: what happened to the general employment scenario? Was there jobless growth, as some of the opponents of the reforms argue (Kothari, 1997), or did employment opportunities increase? Table 12 summarises the overall employment growth between 1983 and 2000. It shows that employment growth did not decline up to 1993–94, but it did significantly between 1993–94 and 1999–2000, both in rural and urban areas. Further disaggregation shows that, within the rural sector, employment increased much more in the non-farm economy than in agriculture (Dev, 2002).

Table 12 Employment Growth (% per year)

Period	Rural	Urban
1983 to 1987–1988	1.36	2.77
1987–88 to 1993–94	2.03	3.39
1993–94 to 1999–00	0.67	1.34

Source: Dev (2002: table 3), based on NSS data

One should, however, not give too much weight to these overall employment figures. After all, as Ghose (1999: 2595) argues, in a poor country like India, where self-employment and casual wage employment predominate, 'supply of labour creates its own demand to a significant extent'. Ghose, therefore, suggests using different indicators to assess improvements in general employment conditions (namely speed of

inter-sectoral labour transfers and tendency of convergence of sectoral labour productivities) and then concludes that 'general employment conditions in India actually appear to have been deteriorating even though employment growth apparently kept pace with labour force growth' [which was the case only up to 1993–94 – see table 12] (Ghose, 1999: 2596).

Another impact of the reforms is that they have led to further casualisation or informalisation of labour relations. The existence of informal labour arrangements is nothing new in India (Breman, 1996). As Harriss-White (2003: 240) writes, '[t]he vast majority of the Indian workforce has no formal contracts with employers (...). [Their] livelihoods (...) come from (casual) wage labour and self-employment – dispersed and fragmented petty production and trade. Only about 3 per cent of the workforce are unionised (...)'. But what the reforms have done is informalise some of the rare labour that was formal, and give a justification and legitimacy to this feature of the Indian economy.

Ghose (1999) constructed an employment quality index (EQI) in order to get a better idea of this casualisation.²⁴ See table 13. The maximum value of 1.00 means that 100 per cent of employment is regular wage employment in the organised sector. The lowest possible value is 0.50, which means that 100 per cent of employment is casual wage employment. The table shows that quality of employment deteriorates over time in the aggregated economy as well as in each of the three main sectors. The quality is highest in the service sector and lowest in agriculture. The rate of deterioration is highest in industry and lowest in services.

Table 13 Trends in Employment Quality Index

	1977–78	1983	1987–88	1993–94
Aggregate Economy	0.723	0.717	0.715	0.706
Agriculture	0.694	0.688	0.687	0.675
Industry	Na	0.749	Na	0.715
Services	Na	0.791	Na	0.782
Male	0.737	0.731	0.725	0.717
Female	0.687	0.680	0.686	0.675

Na: not available

Source: Ghose (1999: tables 9 and 15)

Casualisation or informalisation is an explicit component of the reform agenda, except that it is often called 'privatisation' or 'contracting out to the private sector'. With regard to the health sector, for instance, the World Bank writes that contracting out to the private sector is 'more efficient and effective than directly hired labour. In view of the difficulties of employing government staff, such as slow recruitment procedures and poor attendance, contracting out certain services, especially support services, is an attractive alternative. The State governments should, wherever 'economically attractive, contract out support services such as laundry, kitchen, landscaping, dietary services, sanitation, security and mainstream diagnostic and clinical services' (World Bank, 1997: 27). The Andhra Pradesh Government has taken this very seriously. It not only contracted out laundry and sanitation services, etc., but also doctors and paramedical staff have been appointed on a contract basis since early 2002.

²⁴ The EQI = $w_1 \cdot e_1 + w_2 \cdot e_2 + w_3 \cdot e_3 + w_4 \cdot e_4$, where w_1 refers to regular wage employment in the organised sector, and gets a weight of 1.00; w_2 refers to self-employment which gets a weight of 0.80; w_3 refers to regular wage employment in the unorganised sector, which gets a weight of 0.65; and w_4 refers to self-employment, which gets a weight of 0.50. e_{1-4} represents the share of this particular form of employment in total employment.

In the Indian context, contract labour means informal labour arrangements, with relatively low wages, no trade unions, poor work conditions and no job security.

Not only the government, but also the private sector is informalising. RoyChowdhury (2005) shows how, despite the fact that the Industrial Disputes Act, 1947 and the Contract Labour (Abolition and Regulation) Act, 1970 remained essentially unchanged throughout the nineties, the actual practices have changed considerably. With the help of three case studies of multinational companies in Bangalore, she is able to argue that contract labour is on the increase and trade unions lack the power to reverse this trend. Moreover, this development is endorsed by the State. While in an earlier era, the State mediated between capital and labour, the 'process of globalization has largely diluted the state-labour pact. (...) [I]n each of the case studies (...), the state appeared to side with the management when conflicts arose'. The result has been detrimental for the workers. '[L]abour's bargaining power in the unorganized sector is minimal and is declining even in the so-called organized sector (...) Thus while the state's patronage has declined, the market has not emerged as an alternative source of support for the workforce'.

When livelihoods are threatened, the welfare of children within these households is also affected. How exactly this happens, is a matter of empirical investigation, and depends on a lot of variables, including the existence of alternative livelihood (strategies) and the position of the child(ren) within the household. A question that is of particular relevance is whether, and in what way, child labour becomes part of the livelihood strategy. One could hypothesise that, when 'traditional' livelihoods break down, child labour will increase.

There are, indeed, a few scholars who have argued that child labour is on the increase, or, more cautiously, that it is plausible that child labour is on the increase (Gayathri and Chaudhri, 2002; Gulrajani, 1994; Raman, 1997; Vidyasagar, 1999; Wazir, 2002). Raman, for instance, argues that reforms lead to casualisation and more pauperisation, particularly among the Scheduled Castes, Scheduled Tribes, Other Backward Classes (SC, ST & BC) and Muslim communities. The bulk of the child workers come from these communities. In order to survive, she argues, these communities are forced to sell their labour power far below subsistence levels, and also put their children to work. This is the push-factor argument. There is also a pull-factor argument, as formulated, for instance by Gulrajani (1994: 192–3): 'recent developments in the world capitalist system have increased the economic motivation for the use of the cheapest sources of labour in Third World countries. Arrangements like GATT provide for free trade of goods and capital without allowing for free movement of labour. They push Third World countries to export commodities in which comparative cost advantage rests solely on extremely low labour cost'. In a similar vein, Gayathri and Chaudhri (2002) argue that, in the post-liberalisation period, Indian children have been drawn into the production process as a source of cheap, least demanding and pliable labour.

The empirical evidence for these arguments is, however, weak. Raman (1997) and Gayathri and Chaudhri (2002) claim that 'studies' have shown that liberalisation policies increase child labour, but it is not clear to which studies they refer. Gulrajani (1994) describes a case study (the carpet industry in north India), but, although she argues extensively that the survival of this industry depends on cheap labour, she does not show that child labour is actually increasing. In fact, she says that the number of children might have come down marginally as a result of mounting national and international pressure (ibid: 202) – which is an aspect not so much of reforms, but certainly of globalisation (White, 1996).

Table 14 shows the work participation rates of children as reported by the National Sample Survey Office. These aggregate figures do not suggest that there is a wholesale increase of child labour.

Table 14 Work Participation Rates and Estimates of Child Labour by Sex

Year	Boys	Girls	Total
Work Participation Rate (per cent)			
1983	11.9	10.6	11.2
1987–88	8.8	7.9	8.3
1993–94	6.4	6.0	6.2
1999–2000	4.0	3.6	3.8
Workers (in millions)			
1983	12.06	9.49	21.45
1987–88	9.51	7.43	16.94
1993–94	7.24	5.94	13.18
1999–2000	5.18	3.98	9.16
Per cent Change per annum			
1983 – 1987–88	–5.9	–6.1	–5.9
1987–88 – 1993–94	–4.5	–3.7	–4.2
1993–94 – 1999–2000	–5.6	–6.7	–6.1

Source: Deshpande (2002: table 2), based on NSS data

It is, however, possible that these figures underestimate the extent of child work in India. Vidyasagar (1999) and Deshpande (2002) express their doubts about the reliability of both Census and NSS data, among other things because ‘girls, employed as helpers and in unpaid family work are likely to be missed from the count of workers’ (Deshpande, 2002: 53).²⁵ Moreover, it could also be that expansion of child labour in certain sectors does occur but is masked by a decline elsewhere. This is suggested by some rare case studies which show an increase of child labour, such as Swaminathan’s study about the increase in child labour in urban Gujarat (the city of Bhavnagar, in particular) between the early 1980s and the mid-1990s (Swaminathan, 1998).²⁶ Perhaps it is possible to find this variation confirmed in table 15, which gives a sector-wise break-up of child labour. Unfortunately, I have not been able to find the 1999–2000 figures, but a comparison between 1983 and 1993–94 suggests that the decline in child labour is mainly in agriculture and services, while the share of industrial child labour increases. If this trend has continued after 1993–94, it would lend support to the pull-factor argument mentioned above.

Table 15 Child Labour Distribution by Sector

Sector	1983	1987–88	1993–94	1999–00
Agriculture	80.1	75.4	75.2	
Industry	8.4		15.8	
Services	11.5		9.0	
Total	100	100	100	100

Source: Ghose (1999: table 19), based on NSS data

²⁵ Dev (2004) compares the figures from the National Family Health Survey (1998–99), the NSS (1993–94), the Census (1991) and the National Council for Applied Agricultural Research (1994). The NSS gives the highest percentage of child labour (7.2 per cent in the whole of India); the Census says 6.4 per cent; NCAAR says 4.3 per cent, and the NFHS concludes that 4.08 per cent of the children in rural areas and 1.65 per cent of the children in urban areas are working. All are about children between 5 and 14 years old.

²⁶ R Vidyasagar (National Institute for Rural Development, Hyderabad), too, states that child labour has increased in the powerloom sector and the export processing zones as well as in the so-called traditional craft productions which have expanded as a result of increasing integration in the global market (like silk, gems and carpets) (personal communication).

Finally, there does not seem to be a clear relationship between economic growth and per capita income on the one hand, and a decline in child labour on the other. Swaminathan's (1998) case study shows that even in the context of rapid economic growth, child labour may increase (as in Bhavnagar in Gujarat). Dev (2001) compares State per capita income levels with incidence of child labour, and also concludes that there is no linear relationship. This means that, even when the reforms become very successful in the sense of economic growth, there is no reason to assume that this will automatically lead to the elimination of child labour.

4.3 General Policy Effects

Macroeconomic and policy changes are likely to have an impact on some general administrative and economic conditions. They may change the overall administrative and economic environment in which policies are implemented and services are provided, and thereby also the benefits that children may derive from these policies and services. This paper will focus on two such general policy effects, related to decentralisation and government budgets.

Decentralisation

Among new legislation introduced in the 1990s are the 73rd and 74th Amendments to the Constitution, devolving powers from the State government to rural and urban elected bodies. The 73rd Amendment lists 29 subjects for devolution. These include some key social services, such as sanitation, health and primary education, which are of immediate relevance to the welfare of children.

Decentralisation has been advocated for several reasons. First, it is thought that decentralisation could improve governance. Reducing the distance between those who plan and those who are supposed to benefit would help in raising accountability. Second, decentralisation would enhance political participation and therefore deepen democracy. Third, decentralisation would help to improve the quality and suitability of services, as programmes could become more needs-based when designed by (people close to) the target group, rather than by a State-level bureaucracy.

Given these arguments in favour of decentralisation, one could hypothesise that poor children would benefit from decentralisation. In principle, as Moore and Putzel (2000) argue, everybody stands to benefit from improved governance, but the poor have the most to gain. The more general literature suggests a positive relationship between improved governance and policy outcomes (Rajkumar and Swaroop, 2002). Moreover, inclusion of poor people in the design and implementation of social services could mean that the interests of their children would be more taken into account than in a top-down policy-making process.

In an all-India study covering both health and education, Mahal, Srivastava and Sanan (2000) have tried to test whether decentralisation in the area of health and education has led to improved outcomes in rural India. The conclusion is that 'indicators of democratization and public participation, such as frequency of elections, presence of non-governmental organizations, parent-teacher associations, and

indicator variables for decentralized States generally have the expected positive effects, although these are not always statistically indistinguishable from zero' (ibid: 73). The database used in this study was the 1994 survey by the National Council of Applied Economic Research, so the study captured inter-State variation in decentralisation, and not so much the impact of the 1992 Amendment to the Constitution.

In general, most scholars of decentralisation in India emphasise that there are potential benefits for the poor, but that decentralisation can also provide the rural rich with an additional arena in which they can assert their power (Mathew and Nayak, 1996). In his review of the literature, Johnson (2003) states that '[s]tudies of decentralization have consistently highlighted the fact that the 73rd Amendment and earlier attempts at decentralization have failed to prevent a local (and primarily landed) elite from controlling local *panchayats*. Micro-level studies have shown that *gram sabha* (village assemblies) often fail to fulfil their role as deliberative bodies or as mechanisms for accountability. (...) Even when there are reservations to ensure that marginal groups have a place in the *panchayat* system, there is evidence to suggest that these formal institutions have been usurped by more informal patterns of domination and power. Reservations for women, for instance, are notoriously prone to corruption by male relatives (...). Similar patterns have been observed among [Scheduled Castes and Scheduled Tribes], whose economic well being is dependent on the patronage of local elites' (Johnson, 2003: 29). Moreover, experiences elsewhere, have shown that good quality service delivery at the local level sometimes requires a central government that stimulates and fosters a culture of accountability between local officials and the poor (Moore and Putzel, 2000; Tandler, 1997).

An additional issue that is to be taken into account is that the term 'decentralisation' can refer to different processes. Different States in India have implemented the 73rd and 74th Amendments to different degrees, and have also experimented with different modes of decentralisation. In Andhra Pradesh there is, for instance, hardly any devolution of powers to the elected *panchayats*, but there is a wide-scale attempt to establish stakeholder committees in relation to virtually all development subjects (for example, village education committees, parent–teacher associations, village health committees, etc.). More generally, in actual practice, decentralisation has sometimes taken place only with regard to the functions the State governments were no longer willing to perform. Decentralisation can become a means of shedding government responsibilities, rather than of increasing meaningful participation. Altogether, this means that the question whether decentralisation has contributed to the welfare of poor children is too crude. The issue to explore is, rather, which modes of decentralisation, under which conditions, have led to what kind of effects on the rights and capabilities of children. Much more detailed research is necessary to shed light on this question.

Government Budgets²⁷

The main question with regard to budgets and children is how the reforms have influenced government expenditure for education, health and other social sector items.²⁸ As percentage of GDP, India spends around 6 to 8 per cent on the social sector. In 1990–91, the share in GDP was 6.78 per cent. Only in 1998–99 was a higher level reached. Throughout the 1990s, social sector expenditure, in terms of percentage of GDP, was lower than that in the late 1980s.²⁹ As percentage of aggregate expenditure, India spends between 24 to 28 per cent on the social sector. The percentage started to increase in the middle of the 1990s. Since 1995–96, a higher percentage of government expenditure goes to the social sector than when the reforms started or during the last years preceding the reforms. In terms of per capita real expenditure, social sector expenditure continued to increase after 1993–94. Per capita expenditure has risen from Rs. 623 in 1990–91 to Rs. 959 in 2000–01, an increase of 54 per cent in 11 years. Almost all expenditure on the social sector is revenue expenditure, and on the whole this share has increased in the 1990s. This means very little money goes to investments in physical infrastructure, such as schools and health care centres.

Table 16 Social Sector (Social Services + Rural Development) Expenditure by Centre and States

Year	Social Sector Expenditure (Revenue and Capital)			Revenue/Total Social Sector Expenditure (%)
	As % of GDP	As % of Agg. Pub. Exp. (Revenue + Capital)	Per capita Exp. (in Rs.) In 1993–94 prices	
1987–88	7.74	25.29	562	93.4
1988–89	7.40	25.22	583	93.9
1989–90	7.64	25.19	633	94.6
1990–91	6.78	24.85	623	94.8
1991–92	6.58	24.28	599	94.4
1992–93	6.39	24.06	594	94.8
1993–94	6.46	24.58	623	95.4
1994–95	6.41	25.01	633	94.5
1995–96	6.40	25.95	675	95.3
1996–97	6.48	27.22	739	94.9
1997–98	6.60	26.95	789	95.3
1998–99	6.94	27.36	890	95.1
1999–00(R)	7.55	27.69	1027	94.2
2000–01(B)	6.97	26.61	959	93.9

R: revised; B: budget

Source: based on Dev and Mooij (2002: table 3), estimates based on data from Indian Public Finance Statistics, GOI, 1995 and 2000–01

On the basis of this table different arguments can be made. Advocates of the reforms can claim that they are proved right when they say that the reforms are meant to reduce State intervention in certain sectors in order to increase expenditure on the social sector. After all, after the mid 1990s, there has been an increase in social sector expenditure taken as a percentage of overall government expenditure. Opponents of the reforms, on the other hand, can claim that the social sector suffered in the 1990s because, as a percentage of GDP, social sector expenditure in the 1990s was less than what it was in the late 1980s.

²⁷ The discussion is largely based on a study by Dev and Mooij (2002) on social sector budgets in India in the 1990s. This study defines the social sector as what comes under 'Social Services' and 'Rural Development' in the Indian budgets. Basically, this means health, education, water and sanitation, housing, anti-poverty programmes, employment programmes, etc.

²⁸ Another main question is, of course, whether, and to what extent, children actually benefit from increases in government expenditure. The answer to this second question depends very much on the quality of the services, and whether increased expenditure goes together with quality improvements or not. This second issue is not taken up in this paper.

²⁹ The increase in 1998–99 and 1999–2000 can be partly due to an increase in salaries as a result of the recommendations of the Fifth Pay Commission.

Table 17 gives an overview of the major budget headings within social sector expenditure (as percentage of GDP; Central government only). The most striking change is in rural development expenditure. This declined significantly in the post 1996–97 period. In 1996–97 the Basic Minimum Services (BMS) programme was introduced. It may be that the funds for BMS came partly from the Rural Development outlay, although this was denied by the government at that time. It is important to note, however, that the two are not the same. Rural Development expenditure is mainly employment schemes. BMS includes other minimum services, which may – or may not – take place in rural areas. Education received 0.30 per cent of GDP in 1990–91. This percentage declined marginally in the first two years of the reform period, but increased significantly in 1998–99 to 0.38. In the case of health, there were no significant changes in the percentages.

Table 17 Central Government Expenditure on Social Sector (as % of GDP)

		90–91	–92	–93	–94	–95	–96	–97	–98	–99	–00	–01(R)
1	Educ., Sport, Youth Welfare, etc.	0.30	0.27	0.25	0.28	0.28	0.31	0.29	0.33	0.38	0.34	0.36
2	Health & Family Welfare	0.22	0.21	0.23	0.25	0.24	0.22	0.20	0.21	0.23	0.24	0.25
3	Water Supply, Sanitation, Housing & Urban Development	0.15	0.14	0.11	0.15	0.13	0.15	0.22	0.22	0.23	0.22	0.21
4	Information & Broadcasting	0.08	0.06	0.05	0.05	0.05	0.05	0.04	0.06	0.06	0.06	0.06
5	Labour & Employment	0.05	0.05	0.05	0.06	0.04	0.04	0.04	0.04	0.04	0.04	0.04
6	Welfare of SC, ST & BC	0.06	0.06	0.07	0.07	0.07	0.07	0.06	0.05	0.05	0.05	0.05
7	Other Social Services	0.09	0.10	0.11	0.10	0.10	0.15	0.14	0.15	0.14	0.19	0.12
8	Total Social Services (1 to 7)	0.95	0.90	0.86	0.95	0.91	0.98	1.00	1.04	1.12	1.14	1.15
9	Rural Development	0.47	0.35	0.43	0.54	0.57	0.56	0.37	0.37	0.33	0.24	0.19
10	Basic Minimum Services (BMS)							0.18	0.19	0.21	0.21	0.23
11	Total (8+9+10)	1.42	1.25	1.29	1.49	1.49	1.54	1.56	1.60	1.67	1.59	1.58

Source: Dev and Mooij (2002: table 9), based on Expenditure Budgets of Gol, Vol. I

Table 18 gives information on changes within the education and health sectors. In the case of education, there was a clear shift away from secondary, adult and technical education, towards elementary education. In the case of health, the share of maternal and child health care has more than doubled. In short, the intra-sectoral allocations have moved towards child-priority areas. Nevertheless, the allocations are still far from sufficient to cover the necessary expenses on salaries and infrastructure. In education, this has led to an attempt to cut down on salary expenses by recruiting ‘para-teachers’, rather than professionally trained teachers. The para-teachers are appointed on short-term renewable contracts and are paid an honorarium rather than a salary, which is much lower than what a regular teacher earns. The phenomenon has existed since the late 1970s, but really took off in the 1990s. It is officially sanctioned by the Government of India, and promoted by the World Bank through the District Primary Education Programme (Srivastava, 2003: 68–9).³⁰

³⁰ The impact of para-teachers on the quality of teaching is highly contested. See, for instance, Leclercq (2003) and Kulkarni (2003).

Table 18 Intra-sectoral Allocation (%) in Education, Health and Rural Development: Central Government Expenditure

	90-1	-92	-93	-94	-95	-96	-97	-98	-99	-00 (R)	-01 (B)
	Education										
Education Sector	100	100	100	100	100	100	100	100	100	100	100
Elementary	13.6	15.5	18.6	20.2	20.5	39.6	42.0	48.1	42.9	39.0	37.7
Secondary	23.5	24.4	25.0	25.6	24.1	19.9	19.0	15.0	15.5	14.4	14.3
University & Higher	28.6	28.7	28.0	24.9	25.6	19.9	19.5	20.2	25.1	29.6	31.0
Adult	8.3	6.4	6.3	7.8	8.5	4.7	3.1	1.8	1.3	1.1	1.3
Technical	19.0	18.4	18.7	18.3	18.6	14.0	14.5	13.0	13.6	14.1	13.5
Others	7.0	6.6	3.4	3.2	2.7	1.9	1.9	1.9	1.6	1.8	2.2
	Health and Family Welfare										
Health & Family Welfare	100	100	100	100	100	100	100	100	100	100	100
Public Health	13.0	12.9	16.6	16.6	18.0	17.7	19.7	18.9	16.4	14.1	14.8
Medical Education	13.5	12.9	13.6	12.4	12.3	12.2	12.3	13.1	15.2	13.1	13.9
Rural Family Welfare	16.2	15.0	17.2	15.8	13.2	13.7	12.4	13.9	15.3	21.4	16.2
Maternal & Child Health	6.9	7.2	5.4	6.0	6.3	11.0	11.9	13.6	15.3	13.6	15.2
Other Services & Supplies	21.8	21.9	21.1	26.2	28.5	23.1	19.5	17.6	16.5	17.9	20.2
Others	28.6	30.1	26.1	23.0	21.7	22.3	24.2	22.9	21.3	19.7	19.6

Source: Dev and Mooij (2002: table 12), based on Vol II, budget papers GOI

Notes: (1). All the data in this table refer to revised estimates. (2). 'Others' in health & family welfare refers to Central government health schemes, hospitals & dispensaries and urban family welfare. Maternal & child health was replaced by reproductive & child health in 1998-99.

In the 1990s, as a corollary of the reform process, the contribution of external aid to social sector expenditure increased significantly. This was especially the case with regard to sectoral spending on children. See table 19. The share of external aid in sectoral spending on children in the Union budget increased from 0.5 per cent in 1990-91 to around 29 per cent in 1997-98. On average for the 1990s, out of every 100 rupees spent on children around 20 rupees came from external aid (HAQ, 2001).³¹ The share of external aid is the highest in the health sector. More than 50 per cent of child health expenditure came from external sources. The main donors/lenders include international organisations such as the World Bank, several organs of the United Nations and the British Department for International Development (DFID). The obvious disadvantage of this high share is that there is a risk that these programmes follow the demands of the foreign funders, both in substance and in organisation. Local ownership is compromised; departmental officers may be sidelined as the donors sometimes insist on implementation through a separate agency, and sustainability can become problematic when the donors withdraw. It is for that reason that HAQ (2001: 32) writes that '[s]uch high dependence on external aid for core sectors like education and health does not augur well for the future of the children. In effect it means that our programmes for children are tied to the priorities of the aid agencies. In case their priorities change, our programmes in the country suffer. All aid comes with "strings attached", or with certain conditionalities. In other words we are tying the future of our children to these'.

³¹ To mention a few examples, the donors contributed substantially to the Integrated Child Development Programme (ICDS), Child Survival and Safe Motherhood, Reproductive and Child Health and the District Primary Education Programme.

Table 19 Share of External Aid in Sectoral Spending on Children (Union Budget) (%)

Year	Health	Child Development	Education	Total
1990–91	—	—	1.4	0.5
1991–92	32.2	16.5	2.5	13.4
1992–93	53.3	13.4	4.9	17.1
1993–94	50.6	16.7	10.3	22.7
1994–95	53.2	13.1	20.6	26.2
1995–96	40.6	12.4	19.6	21.7
1996–97	33.6	21.6	13.6	19.5
1997–98	56.3	13.0	26.9	28.6
1998–99	79.0	9.9	22.5	25.3
1999–00	63.6	15.0	25.0	25.9
Average	51.4	14.6	16.4	20.1

Source: HAQ (2001: table 1.8) based on Detailed Demands for Grants (1990–91 – 2000–01)

Since many of the social sector expenses are incurred by the State governments rather than by the Centre, it is also important to analyse the trends in State expenditures.³² See table 20. As compared to the Centre, the performance of the States was worse in the 1990s. If 1990–91 is taken as a base year, the Centre increased its expenditures on the social sector. The aggregate States, however, have not. Table 21 compares annual trend growth rates in the 1980s and 1990s. This table illustrates two main points. First, with regard to all three indicators (i.e. social sector expenditure as a proportion of GDP, as a proportion of aggregate expenditure and in terms of per capita expenditure at constant prices), there was growth on average in Central expenditure in the post-reform period. State social sector expenditure, however, declined in the post-reform period, if it is taken as a proportion of aggregate expenditure. The table confirms the picture that the Centre did better in the 1990s than the States. Second, for both the Centre and the States, the annual trend growth rates were much higher in the 1980s than in the 1990s. So, although, by most indicators, social sector expenditure continued to increase in the 1990s, it was at a much lower pace than in the 1980s.

Table 20 Social Sector Expenditure (Social Services + Rural Development)

Year	25 States (excl. NCT Delhi)		Centre	
	As % of GSDP	As % of Aggregate Expenditure	As % of GDP	As % of Aggregate Expenditure
1990–91	5.98	39.20	1.42	7.55
1991–92	5.85	37.20	1.25	7.23
1992–93	5.72	37.60	1.29	7.70
1993–94	5.57	35.64	1.49	8.92
1994–95	5.27	34.82	1.49	9.26
1995–96	5.33	37.31	1.54	9.97
1996–97	5.13	36.21	1.56	10.48
1997–98	5.18	36.52	1.60	10.35
1998–99	5.41	38.07	1.67	10.39
1999–00	6.06	38.60	1.59	10.22
2000–01 (R)	5.46	35.80	1.58	10.24

Source: Dev and Mooij (2002: tables 8 and 15), based on RBI Bulletins

³² See Prabhu (2001) for a much more detailed analysis of two States: Maharashtra and Tamil Nadu.

Table 21 Trend Growth Rates of Social Sector Expenditure

	1980–1990	1992–2003
Centre		
TGR as % GDP	8.93	1.34
TGR as % aggregate expenditure	5.41	0.82
TGR p.c. real expenditure	14.12	6.34
States		
TGR as % GSDP	4.34	0.85
TGR as % aggregate expenditure	2.46	-0.48
TGR p.c. real expenditure	9.29	5.44

p.c.: per capita

Source: Dev and Mooij (2004: table 6.7)

Table 22 shows the composition of overall State social sector expenditure. Education is the main budget heading. Its share increased, especially after 1993–94. The share of rural development declined in the latter half of the 1990s, as did the share of health. Table 23 is about education only. It shows that it is especially the Centre that has started to allocate a higher percentage of its education budget to elementary education, and not so much the States. In 1995–96, 3.8 per cent of GDP was spent on education, which is much below the 6 per cent norm the Government of India formulated in its 1968 National Educational Policy.

Table 22 Shares of Major Budget Headings in Social Sector Expenditure of 25 States Excluding NCT Delhi (%)

Major Budget Headings	1990–91	1993–94	1996-97	1998–99
1. Education, Art & Culture	46.5	45.5	47.1	48.5
2. Health & Family Welfare	14.2	14.4	13.7	13.2
3. Water Supply, Sanitation, Housing & Urban Development	9.4	9.7	10.7	11.4
4. Welfare of SC, ST & BC	5.6	5.7	6.1	5.8
5. Labour & Employment	1.3	1.2	1.1	1.1
6. Other Social Services	8.9	8.0	10.0	8.8
7. Total Social Services (1 to 6)	85.9	84.5	88.7	88.8
8. Rural Development	14.1	15.5	11.3	11.2
Total Social Sector (7 + 8)	100	100	100	100

Source: Dev and Mooij (2002: table 16), based on Vol. II, Budget Papers, GoI

Table 23 Expenditures on Education and Elementary Education

	Share of Education Exp. in NSDP/GNP		Share of Elementary Education Exp. in NSDP/GNP		Share of Elementary Education Exp. in Total Education Exp.	
	1990–91	1995–96	1990–91	1995–96	1990–91	1995–96
All States	4.0	3.7	2.0	1.8	50.0	48.6
Centre	0.4	0.4	0.1	0.2	25.0	50.0
All India (Centre + States)	4.1	3.8	1.9	1.8	46.3	47.4

Source: Based on Dev and Mooij (2002: table 21); computed from Shariff and Ghosh (2000)

To sum up, if we take the late 1980s as the point of reference, the proportion of GDP that is spent on the social sector has not increased during the reform period (Centre and States together). However, as a proportion of total public expenditure, the share for the social sector has increased since the mid-

1990s. The per capita real expenditure has also increased since the mid-1990s. The Centre has done better than the States. Moreover, social sector expenditure of the Centre has become more focused on child–priority areas. This may be the result of large donor contributions. Altogether, there is, hence, no evidence of a significant decline in social sector expenditure in the 1990s in India. The decline in State allocations is, however, worrisome. After all, the States have the main responsibility for social sector development. If we take allocations as a proxy for political commitment (which is what Prabhu, 2001 does), the conclusion is that the commitment of the States to social development has declined during the reform period. In the area of health, the shift from the States towards the centre is a cause for concern, as it means more emphasis on vertical disease-related interventions – which is what the Centre mainly does – and less on primary health care.

Finally, even though there is progress in certain respects, the expenditures on the social sector are still low. This becomes clear, for instance, when we compare the expenditure with some international norms. The United Nations Development Programme (UNDP) has proposed the following four ratios for comparing and monitoring social sector expenditure at the country level (UNDP, 1991).

- The Public Expenditure Ratio: the percentage of national income that goes into public expenditure. The recommendation is to keep this ratio around 25 per cent.
- The Social Allocation Ratio: the percentage of public expenditure earmarked for social services. This ratio, according to the UNDP, should be more than 40 per cent.
- The Social Priority Ratio: the percentage of social expenditure devoted to human priority concerns. This ratio has to be more than 50 per cent.
- The Human Expenditure Ratio: the percentage of national income devoted to human priority concerns. This ratio is the product of the above three ratios and the UNDP recommends that it should be about 5 per cent.

Table 24 gives these ratios for India in the late 1980s and the late 1990s. It is clear that there is progress, but the ratios are still far removed from the UNDP norms.

Table 24 Social Sector Ratios

	UNDP Norm	Late 1980s	1998–99
Public Expenditure Ratio	25	37*	25
Social Allocation Ratio	40	20	27
Social Priority Ratio	50	34	40
Human Expenditure Ratio	5	2.5	2.8

Source: based on UNDP (1991) and Dev and Mooij (2002)

Note: Social Priority Ratio was taken as the share of social sector allocation to elementary education, water & sanitation, public health, maternal & child health and child nutrition.

* This is much higher than Dev and Mooij's (2002) calculation, and it may be that there is a difference in the methodologies used by the two sources.

4.4 Indirect Fallout

Perhaps the most important impact of the economic reform on the welfare of children has to do with its intangible effects on people's mindsets and attitudes. This impact is visible in day-to-day life, although it is neither simple and straightforward, nor uniform across regions and social classes. Nevertheless, there is no doubt that social norms, public ideals and collective aspirations have gradually changed, and that this may be related to the reform process in one way or another. This paper discusses two such impacts, namely 1) the changing ideas about the role of the State, and the emergence of a 'two-nation-State', and 2) cultural identities and subordination of women.

Ideas about the State and the Emergence of a 'Two-Nation-State'

In their assessment of the economic reforms in India, Corbridge and Harriss (2000: 169) make an important point, namely that the reforms 'are not simply about the renegotiation of India's relationships with the global market-place, nor even are they about the relationships of private capital with the Indian state in the formal economy; the reforms are also about the reworking of the idea of the state itself and of the state's capacity to work on behalf of those who stand outside India's (expanding) social and economic elites'. The question is what impact this 'reworking of the idea of the state' will have on the long-term social commitment to work towards an improvement of the living conditions of poor people.

It is particularly in the areas of health and education that we may fear the consequences of this potentially declining commitment. Both sectors have experienced rapid privatisation in the last few decades. With regard to health, while 40 per cent of in-patients were treated in private hospitals in 1986–87, this percentage had risen to 55 per cent in 1995–96. In urban areas, the percentage rose from 40 to 57 per cent in the same period. 74 per cent of rural out-patients were treated in private hospitals in 1986–87, as against 82 per cent in 1995–96. In urban areas, the increase was similar.³³ The figures are less extreme with regard to preventive care (immunisation, contraception) where a larger percentage of the population makes use of public sector facilities. Nevertheless, there is a clear trend towards the use of private sector facilities, which are generally more expensive. The government hospitals are becoming facilities of the last resort, accessed mainly by very poor people who have no other alternative.³⁴ The trend towards the private sector has been stimulated directly by the Centre and State governments 'by offering tax exemptions, land at concession rates, etc.' (Narayana, 2003: 1235).

With regard to education, the trend is also clearly in the direction of privatisation. The trend is stronger in urban than in rural areas, although also in villages, 'private schools are a flourishing business' (PROBE team, 1999: 102). Although there is a lot of variation within the category of private schools, on average they are much more expensive than government schools. The PROBE team found that it is particularly this cost element that makes some poor parents decide not to send their children to a private school. Again, the trend towards privatisation has been stimulated by the government, by active encouragement of commercial investment in education (Srivastava, 2003: 74), but also indirectly by continuous neglect of government schools. The PROBE team reports that even in central Bihar,

³³ Narayana (2003: tables 1 and 2).

³⁴ What comes under private care is, however, a mixed bag. It includes both quack-doctors as well as corporate hospitals, the importance of which is rising.

where poverty is endemic, 'private schools can be found in many villages (...) due to the dysfunctional state of government schools' (PROBE team, 1999: 102).

This privatisation of health and educational facilities does not only mean that fewer people are making use of public provisions, and that education and health care become more expensive; it is also likely to affect the quality of the public provisions in a negative way. At the micro level, when better-off families no longer make use of public health facilities and withdraw their children from government schools, the status of these provisions declines and the social pressure to provide good services diminishes. At the macro level, the social support base for investment in public provisions is likely to be affected. The politically and economically influential middle and upper classes may lose interest in their quality and in financially contributing to these public services, when they themselves no longer make use of them. As these groups are the main tax payers, and are relatively influential in agenda setting and policy making, their loss of interest can easily translate in to overall neglect on the part of the State. The result may be a two-nation State, in which the richer parts of the population secure their social welfare through private channels, and the poorer sections have no choice but to resort to ever deteriorating public sector provisions.

Cultural Identities and Subordination of Women

One very worrisome trend briefly mentioned above is the decline in juvenile sex ratios. See table 6. The 2001 Census showed that, while the overall sex ratio went up slightly between 1991 and 2001 (from 927 to 933), the juvenile sex ratio went down further, from 945 to 927. The first phenomenon indicates that the female death ratios have become lower than the male death ratios. The declining juvenile sex ratio is related to differences in girls' and boys' infant and child mortality rates, and, in certain regions, probably to female foeticide.³⁵ Sex determination of foetuses, as Sudha and Irudaya Raja (n.d.) report, is illegal, but the relevant acts are full of loopholes and the number of clinics offering sex determination and instant abortions if the foetus proves to be female increased rapidly during the 1980s. 'The first newspaper reports of private clinics offering sex selection techniques appeared in 1982–83, in cities such as Amritsar, Bombay, and Delhi. Within 2–3 years thereafter, the numbers of such clinics rose to several hundred in the larger cities, and several dozen in smaller towns in Maharashtra, UP, Punjab, and Gujarat states. (...) Remote districts that lacked basic amenities such as drinking water or electricity have been reported to have sex determination clinics; where refrigeration and cold chain facilities for vaccinations are not available but amniotic fluid samples are sent in ice packs to towns for testing (...)' (Sudha and Irudaya Raja, n.d.: 5).

A rather disconcerting phenomenon is that low juvenile sex ratios are not related to poverty and that the sex ratios do not improve with increasing prosperity. It is rather the reverse. As Premi (2001: 1875) states, 'all the states that have shown large declines in child sex ratio between 1991 and 2001 – Punjab, Haryana, Himachal Pradesh, Gujarat, Maharashtra, Chandigarh and Delhi – are economically well-developed and have recorded a fairly high literacy rate'. Relative female disadvantage is, hence, not a characteristic of economic underdevelopment, but rather the reverse. This phenomenon is further explored by Nillisen and Harriss-White (2004), who have correlated the probability of girl survival in

³⁵ This last point is also stated by Mari Bhat (2002b), who is otherwise very cautious to draw conclusions about gender biases. This author states that '[t]he accelerated fall in the child sex ratio after 1981 seems to be largely due to the diffusion of prenatal sex selection techniques in regions with well-entrenched gender bias' (Mari Bhat, 2002b: 5244).

two districts in Tamil Nadu with various social indicators. Their conclusion is that girl disadvantage is positively associated with increases in wealth, adult female literacy, and landed property. The lowest juvenile sex ratio can be found among landed caste households. It is only 645, while the aggregate ratio of these two districts is 856.

Although declining juvenile sex ratios is not a new phenomenon, it is not inconceivable, as Nillisen and Harriss-White (2004) also state, that the reforms have further contributed to this decline. This could be so because the reforms may reinforce the various motives behind a preference for sons as compared to daughters. Generally, the literature suggests that there are two kind of motives behind a preference for sons, and the regional variation in sex ratios.³⁶ First, sons are preferred to the extent that their future labour and income contribution to the household is more than that of daughters. This would explain some of the low sex ratios in the wheat-producing north of India, where traditionally women participate less in agricultural production. Second, cultural factors, in particular the marriage system and the importance of dowry, would play an important role. Both explanations assume that daughters are seen as a liability, and that it is for this reason that female foetuses are aborted, or daughters are less well cared for than sons. Since the reforms affect employment patterns as well as cultural ambitions, it is plausible that they could indirectly affect the extent of son preference and girl survival chances.

Declining labour force participation of women and casualisation of female labour are well-known effects of structural adjustment programmes in many parts of the world, and have been highlighted in several studies on gender and structural adjustment.³⁷ The trend is also visible in India. Table 25 compares work participation rates of men and women, and illustrates that work participation of women has decreased more than that of men.

Table 25 Work Participation Rates (all age groups) (in percentages)

	Rural		Urban	
	Male	Female	Male	Female
1987–88	53.9	32.3	50.6	15.2
1993–94	55.3	32.8	52.1	15.5
1999–00	53.1	29.9	51.8	13.9

Source: Chadha and Sahu (2002: table 1), based on NSS data

The quality of employment, as measured by the employment quality index, is considerably lower for women than for men, and declined between 1987–88 and 1993–94 for both men and women (see table 13), more or less to the same extent. Based on more recent extensive studies of women workers in various informal sectors, Jhabvala and Sinha (2002: 2037) conclude that in the era of liberalisation and globalisation, ‘a decline in employment opportunities has seen a simultaneous “casualisation” and growing “feminisation” of the workforce – with concomitant ills of low wages and declining job security’. All these changes could have eroded the bargaining position and economic value of women

³⁶ See Harriss-White (1999) for a review of some of the literature.

³⁷ See, for instance, Elson (1995).

within households even further, with negative effects on the position and relative survival chances of daughters.

Dowry has been one of the very important factors behind son preference. In fact, this was openly acknowledged in the early eighties, when sex determination clinics started to advertise themselves with the slogan 'Better Rs. 500 today than Rs. 5,00,000 tomorrow'. As a result of protests from women's groups, the slogan was no longer used, but the rationale still holds.³⁸ The importance of dowry has only increased during the last decades. Within one generation, the incidence of dowry has risen from 45 to 80 per cent of all marriages.³⁹ It has spread to hierarchically 'lower' caste groups that did not practise dowry in the past. This sanskritization, i.e. a process in which 'lower' caste groups adopt cultural practices of 'higher' caste groups, is sometimes seen as a concomitant of modernisation.⁴⁰ Another factor explaining the increasing incidence of dowry could be the spread of consumerism. With Sunder Rajan (1996), it could be argued that market development strengthens the dowry system as 'supply creates its own demand by seducing the customer into new forms of desire ... [D]owry in contemporary India (is) significantly linked to the scenario of spreading consumerism through the market ... Families can anticipate rapid upward social mobility in addition to (and because of) the actual price their sons fetch at the marriage market with the acquisition of such goods'.⁴¹ If there is a relationship between market development, consumerism and dowry, we can expect that the reforms, with their impact on markets, lifestyles and consumption patterns, will have a devastating effect on the practice of dowry, and also on girl survival chances.

It should be noted, however, that scholars have warned against too simplistic explanations of excess girl child death. There are huge regional differences in India, not only in juvenile sex ratios, but also in factors apparently correlated (Harriss-White, 1999). The issue is far from settled, but there is more than enough reason for concern about the declining juvenile sex ratios, and about the potentially negative fallout of the reforms on the position of women, and on girl survival chances.

³⁸ Sudha and Irudaya Raja (n.d.: 6).

³⁹ Harriss-White (1999: 144).

⁴⁰ Nillisen and Harriss-White (2004), Sudha and Irudaya Raja (n.d.).

⁴¹ Harriss-White (1999: 142), quoting a paper by R Sunder Rajan. This paper was entitled 'The Downed Woman', and was presented at the Modern Languages Conference, Washington in 1996.

5. Conclusions and Research Questions

This paper started with a brief description of the various kind of reforms that have been introduced in India generally, and in Andhra Pradesh in particular. The reform process in India started in 1991, and, on the whole, is characterised by gradualism rather than by a ‘big bang’. Now, in 2005, i.e. twelve years after the reform process started, it is hard to imagine a reversal to the earlier more State-led development strategy. Despite regular criticism expressed by the opposition parties, the reform process is more or less endorsed by all political parties. Andhra Pradesh has been one of the more actively reforming States, especially between 1995 and 2004.

The third section of the paper proceeded with a short description of what happened to child welfare in India during the reform period. Altogether, there is no indication that the negative scenario that was depicted by Unicef’s *Adjustment with a Human Face* (Cornia, Jolly and Steward, 1987) has been reproduced in India. Poverty (headcount) has decreased; literacy rates and school enrolment have gone up and infant and child mortality rates have come down. The levels of government expenditure on social sector items, discussed in the fourth section of this paper, have not come down, although the pace of growth of social sector expenditure was much lower in the 1990s than in the pre-reform period. With regard to education and health, the 1990s witnessed a shift in spending patterns towards child priority areas. The financial support from international donors for child development programmes multiplied in the 1990s. International donors, it seems, have taken the message from the Unicef study very seriously. Although they do not want to give up on adjustment, they do want to make sure that children are not affected adversely. Altogether, the improvements in child welfare are, however, not spectacular, and not very different from those achieved in the 1980s. One particularly worrying aspect is the continuing decline of the juvenile sex ratio, indicating decreasing relative survival chances for girls as compared to boys.

It is impossible to establish simple and uniform causal relations between the reform process and aggregate trends in child welfare. The paper, hence, proceeded in the fourth section with a discussion of a number of mechanisms through which reform policies could perhaps affect rights and capabilities of children. Four different kinds of mechanisms were distinguished, namely a) some sectoral policies may have a direct effect on children’s rights and capabilities; b) economic policy changes may affect household livelihoods, and thereby indirectly the welfare of children in these households; c) some policies are likely to have an effect on the wider administrative and economic conditions (systems of governance, availability of government funds, etc.), which may impinge on the quality of government services and on child welfare; and d) the reforms may influence social norms, lifestyles and aspirations of people, with consequences for child welfare. Each of these mechanisms was elaborated and a number of relationships, linking (particular) reform (measures) with particular effects on child welfare (of particular groups of children) were discussed. Here I will highlight the most salient relationships and make some further research suggestions for each of them.

Reforms and Child Labour

The statistics of child labour do not suggest an overall increase in the 1990s. On the contrary: the incidence of child labour declined in the 1990s. Nevertheless, and this is suggested by several authors,⁴² it may well be that in particular pockets child labour has increased as a result of reform policies. Two different types of mechanisms may play a role. On the one hand, it may be that deteriorating livelihoods of particular groups of people (i.e. people who have become unemployed as a result of import liberalisation) have forced families to put their children to work. On the other hand, it may be that Indian industries, in order to survive in an increasingly competitive global environment, have to resort to the cheapest and most docile labour force, i.e. children.

So far, there are very few studies which prove empirically that particular instances of child labour are, indeed, related to recent economic policies.⁴³ More research would be useful to get a better idea of the relationship between reforms and child labour. Such studies could have three different components. First, the research could focus on the working children and their families, particularly in locations/sectors/industries in which child labour is a relatively new phenomenon. It needs to be investigated where these children came from (and what they used to do before), what their (or their families') motivation was to go to work, what their contribution is to overall household income and whether alternative household survival strategies exist. A second component could be research at the level of the firms, in order to understand the accumulative strategies of the entrepreneurs or (sub)contractors. This could be complemented with a more general investigation of the profitability of the sector in the world market. Such a study would be necessary to assess the validity of the pull-factor argument. A third component could be the investigation of firms that have decided to get rid of child labour. This could shed light on the conditions that made this local elimination of child labour possible and/or necessary (e.g. in the case of a looming international boycott). It may be that not only an occasional increase, but also the decrease of child labour in certain pockets or industries is related to the reform policies, in direct or indirect ways.

Reforms, Privatisation of Education and Health Facilities, and Poor Children's Access to Good Quality Services

The establishment of private educational and health facilities is not a new phenomenon that started with or after the reforms. Private institutions already existed long before 1991. There is, however, no doubt that the trend intensified in the 1990s, that it is endorsed and promoted by the government, and that it fits in well with some of the ideological cornerstones of the reform process, namely that private initiative is to be encouraged and that profit-making institutions may work equally well or better than government institutions.

Given the abysmal level of some government schools and hospitals, it is probably often true that private institutions perform better than government institutions. There are, however, two major drawbacks related to a) the higher costs, and therefore the in-built bias in favour of the better-off, and b) the indirect and possibly negative effects on the quality of government facilities. It is very likely that

⁴² See, for instance, Gayathri and Chaudhri (2002), Gulrajani (1994), Raman (1997), Vidyasagar (1999), and Wazir (2002).

⁴³ One of the rare empirical studies making this point is Swaminathan (1998).

this quality will deteriorate even further because, when the relatively rich and politically more vocal and influential sections of the population no longer use the government facilities they will no longer use their voice to demand good quality services, and will become less willing to contribute to them financially (as tax payers).

This scenario raises two more general and theoretical questions that could be taken up in further research. The first is: how is it possible that in a democratic country like India public social sector development could have become so neglected? Generally, it is assumed that in an electoral democracy with a free press, governments cannot afford to neglect the poor and their development. Politicians have to face the public once every five years (if not more often) and therefore have to show their commitment to, if not compassion for, the poor. The legitimacy of a political regime, and of the State generally, depends partly on what it does to improve the welfare and living conditions of the people. So, given India's democratic set-up, how is it possible that the government could neglect education and health care to the extent that it did? The second question is about the effect of the increasing dualism in health and education on the ability of the State to reach out to the poor. To what extent is India moving towards a two-nation State, in which the richer parts of the population secure their welfare through private channels and no longer take responsibility for social sector services in the general public interest?

A further investigation of these questions would require research of the various stages (or rather arenas) of the policy process. Four different stages/arenas can be distinguished:

- * Discourse of social development policy. Social development discourse has changed considerably since the early 1990s, partly as a result of the liberalisation process, but also as a result of the trickling down of new ideas and concepts of poverty and social development. Health and education have become more central to the extent that poor health or lack of education has become part of the definition of poverty. Which interests are served by these discourse shifts, and what kind of developments are legitimised?
- * Social sector budget making. It is necessary to investigate the shifts in health and education budgets since the mid-1980s, the changes in the sources of funding over the years (e.g. shifts towards donor funded programmes) and taxation structures. This analysis could be done at the Central as well as the State level.
- * State-level institutions of implementation. How do government education and health departments function? What is the social background of the policy makers in the areas of health and education and what is their attitude towards the official mission of their departments?
- * Implementation processes. To what extent are poor people involved in implementation and service delivery? What different ways of making themselves heard exist for poor and rich people, and how do these impact on the quality of government facilities?

Reforms, Consumerism, Dowry and the Girl Child

A very worrisome phenomenon is the declining juvenile sex ratio. Juvenile sex ratios have been declining for decades in India, but it may be that the reforms have reinforced this trend. This is likely because the reforms have further casualised female labour and have decreased female work participation rates. It could well be that this has contributed to a further erosion of the bargaining position and economic value of women within households. Moreover, the reforms have brought a spurt in consumerism, something that may have exacerbated the phenomenon of dowry – one of the very important factors behind son preference.

These relationships are difficult to investigate. The observation of changing bargaining positions requires long-term intensive anthropological fieldwork, carried out by sensitive fieldworkers. Dowry is officially illegal, but widely practised, and it would probably not be very difficult to list the size and composition of dowries of various social groups in particular localities. Since dowry is the result of a more or less public/family negotiation process, it is probably also possible to interview couples (or their family members) who married in the early 1990s or earlier about the dowries given at the time of their marriage. The really difficult part of the research is, however, the collection of data about neglect of daughters, female infanticide and female foeticide. In contrast to dowry, these are not public phenomena. Dowry may be illegal, but it is never penalised. Female infanticide, however, if it becomes a publicly known fact, may lead to criminal prosecution of midwives, mothers, doctors running sex determination clinics and others involved. The collection of information regarding the motivation and decision structure behind this neglect of girl children, female infanticide or foeticide is, hence, not easy. It requires not only sensitivity, but also a lot of local familiarity and trust. And even then, dilemmas remain, as it is hard to avoid putting women/mothers/midwives, whose trust is needed, at risk of criminal prosecution if they cooperate in a research project. All this means that large-scale research is impossible, and that the only way to proceed, if at all, is by doing intensive studies in particular localities with the help of trusted local people or organisations, while securing anonymity as much as possible.⁴⁴

By Way of Conclusion

Reforms in India have not had such devastating effects on children as was feared by some at the start of the reform process on the basis of the earlier work done by Unicef. There is, however, also no reason to be complacent or satisfied with the achievements. Still almost half of the children are moderately or severely malnourished. Still about a quarter of children do not go to school. Still, almost one tenth of children that are born alive do not reach five years of age. Still, the number and percentage of girls who are never born increases. Still, government expenditure on education and health is much less than the UNDP and Indian norms. There is an urgent need to take children more seriously in priority setting and policy making.

All this points to three broad suggestions. First, there is a need for more child-friendly policies. Economic policies in India have, so far, never taken the needs and interests of children as one of the

⁴⁴ An exception is the forthcoming PhD thesis of Sharada Srinivasan, Institute of Social Studies, the Netherlands.

starting points. But they could do this. For one, this would require a change in the procedures of economic modelling, as reproductive work, such as child care and household work, are activities that are normally not included in the models, although they are (partly) determined by economic policies. Furthermore, a much more systematic attempt to improve gender equality and women's empowerment is called for, as an improvement in the position of women can be expected to have a positive impact on children's welfare. In addition, direct interventions targeted at children, such as the Midday Meal Scheme in schools or the Integrated Child Development Services programme for pre-school children, are necessary.

Second, there is a need for reforms in the policy process itself. Given the fact that resources are always scarce and that there are entrenched vested interests in the status quo, it is unlikely that more child-friendly policies will be introduced unless the policy process itself is transformed. This refers both to the process of policy making (identification of policy problems and agenda setting) and that of policy implementation, where practical decisions are taken, day-to-day priorities are set and resources are distributed. Women should have a much greater say in these processes, and, ideally, there should be a higher degree of participation of children and young people too. This suggestion, however, is easier made than put into practice. With regard to women, some progress has been made in recent years, partly as a result of reservation policies. But with regard to children, a change in the policy process is particularly difficult. India is a society in which social hierarchy and prestige are highly correlated with seniority and age. Although children are routinely appreciated as 'the future of the nation', their voices are rarely elicited. But where children have been given a voice and a responsibility, as in some of the NGO activities in Andhra Pradesh, there are positive experiences one could draw upon.⁴⁵

Third, there is a need for more research. Given the uncertainty of how reforms, and economic policies more generally, affect the rights and capabilities of children, there is a need for more fine-tuned and intensive research to understand the complex and caste-, class- or gender-specific effects of the reform process on children. This research could also be partly done in consultation with children and young people.

⁴⁵ Examples are the MV Foundation and some activities of Save the Children UK. Furthermore, see O'Malley (2004) and Save the Children (2002) about ways in which children and young people can participate in policy processes.

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Young Lives is an international longitudinal study of childhood poverty, taking place in Ethiopia, India, Peru and Vietnam, and funded by DFID. The project aims to improve our understanding of the causes and consequences of childhood poverty in the developing world by following the lives of a group of 8,000 children and their families over a 15-year period. Through the involvement of academic, government and NGO partners in the aforementioned countries, South Africa and the UK, the Young Lives project will highlight ways in which policy can be improved to more effectively tackle child poverty.

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