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GIGA Research Programme:
Power and Ideas

**India's Social Policies:
Recent Changes for the Better and Their Causes**

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India's Social Policies: Recent Changes for the Better and Their Causes

Abstract

Despite being a consolidated democracy with free and fair elections and having a political system with intense party competition, a relatively vibrant civil society, and a functioning federal set-up, India still ranks poorly in terms of the coverage, generosity, efficiency, and quality of its social protection. This is difficult to explain based on the factors usually advanced for the implementation of generous social policies. A second puzzle is the predominantly protective nature of welfare policies in India in the current era of globalisation, which should necessitate policies enabling workers to participate successfully in a more demanding economic environment. These puzzles may be explained partly by (a) the long-term insulation of the Indian economy from international competition, (b) the low share of industry and modern services in GDP until recently, (c) the precedence of identity policies, (d) the fragmentation of the political sphere, and (e) the meagre empowerment of women in India. We should, however, acknowledge that change is underway and that the picture is not bleak across India as a whole – being supported by economic reforms and growth, a greater degree of decentralisation and party competition within the country, increasingly discerning voters, and progress on female education and employment opportunities.

Keywords: India, social policies, productive and protective social policies, party competition, clientelism, women's education and formal employment

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India's Social Policies: Recent Changes for the Better and Their Causes

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1 Introduction

The character, scope, and quality of welfare policies in India since independence have not received a very positive assessment by most experts. Jha et al. (2012) maintain that Indian policymakers have not been able to achieve even a fraction of the promises enshrined in the constitution. They view the country's social security system as inadequate, even when compared to other countries with similar income levels. It sidelines the overwhelming part of society and privileges a small minority in the state and formal sector. The critique by Bardhan is equally

devastating: “More than six decades after the establishment of the Indian Republic (which is constitutionally declared as ‘socialist’), even the barest minimum social protection remains unavailable for its masses of people” (Bardhan 2011: 39). According to his view, the main culprit for inadequate social services is poor governance, lack of performance incentives, and consequently low-quality service – and with it, widespread leakages and the opting out of well-to-do consumers. The Indian welfare state has also been characterised as unfit for the globalisation era, giving priority to protection (against the impact of international competition) beyond the market instead of empowering citizens to actually participate in it (Rudra 2007). This indictment is also made by Kühner and Nakray, who find little evidence that India has moved with its latest social initiatives “beyond its failing-informal welfare regime features characterized by [...] low social expenditure and mixed outcomes” (Bardhan 2017: 41).

The verdict on India's welfare state performance would long be based on minimal expenditure for education, health, and social assistance (more on this later), its bias with regard to specific programmes (pensions) and social groups (the more affluent ones; the higher castes and the religious majority; urban residents; workers in the tiny formal sector), and – last but not least – its poor quality in terms of achieved outcomes. The most prominent examples are the heavy share of undernourished women and children in India, poor learning achievements in schools by students, the underprovision of medical services, widespread absenteeism in the educational and health sectors, and the erroneous targeting of entitlements and leakages (the most conspicuous example being the Public Distribution System, PDS). No wonder, therefore, that those people who could afford to left the system of public provision, leading to the stellar growth of private services – which, in turn, further reduced the pressure felt to improve the public sector.

This is all well known, and has been rehearsed frequently. Less often, however, have the root causes of the unsatisfactory state of welfare services been identified. India is, after all, a functioning and rather well-consolidated democracy, where a large part of the population is still poor or only living slightly above the poverty line. This alone should encourage strong efforts for redistribution via generous social schemes by political parties representing the less affluent sections of society (being supported by a lively civil society in India), which indeed is what sprang up from 1967 onwards. Obviously, political pressure to improve social policies in India was not very strong until recently. One possible reason might have been that parties did not compete by promising and providing quality services, but by delivering a share of political power and instant rewards to narrow identity groups (cf. Aiyar and Walton 2014).

We should, however, acknowledge that this set-up has changed for the better in the last decade. A whole range of new social schemes have been implemented, starting with a vast programme for universal primary education (the “Sarva Shiksha Abhyan”), the upgrading of the “Integrated Child Development Scheme” (ICDS, providing mainly school meals), followed by improving primary health services (the “Rural” and later “Urban Health Missions”), a national employment guarantee scheme (the “MNREGA”) for the rural unemployed, health

insurance for a large number of diseases leading to hospitalisation (the “RSBY”), and the introduction of social assistance for widows, the elderly poor, and for disabled persons – to name only a few beneficiaries. They were accompanied by rights-based entitlements for information on public transactions, education, employment, and food. It is not difficult to find a degree of fault even with this new generation of welfare state initiatives, but it is undeniable that the share of the population covered by all schemes of social protection has markedly increased (Drèze and Khera 2017). In line with this enlargement of scope, public social expenditure has grown faster than most other budgetary items – namely, from around a fifth of total expenditure in 1990/91 to a quarter thereof in 2015/16 (Government of India 2016).

2 Possible Causes of More Proactive Social Policies in India

An interesting question to ask would be: Why, being so unresponsive to popular demands for social protection, has the Indian state become more proactive of late? Unfortunately, literature on this point is extremely scarce. The few findings that do exist point to: (a) the role of the rights-based approach in furthering additional or improved schemes, itself propelled by a more active civil society; (b) the pronounced role of the Supreme Court in making the government responsible for social protection in different spheres; (c) better electoral rewards for good governance, making parties become more programmatic; and, (d) the relatively low costs of expanding the coverage of social nets in relation to growth-related rising public revenues (Aiyar and Walton 2014; Drèze and Khera 2017). These explanations are hardly convincing, however; why should voters have rewarded better governance more and parties become more programmatic, and the Supreme Court and civil society more demanding, without deeper underlying causes being at play? Let us probe the various reasons advanced:

For sure, the recent innovations in India have not had much to do with the strengthening of the working class and their unions, partisan government (of the left), or with the rising integration of Indian companies in global value chains. These are often identified as causes for the expansion of Western welfare states; the new Indian schemes benefit, however, essentially people in rural areas, the informal sector, and those existing below the official poverty line (BPL) – none of them particularly negatively affected by the forces of globalisation (Kapur and Nangia 2015). The incumbent government in India has also simply kept up programmes initiated by its predecessor; therefore, with changing government, partisanship also possesses only minor explanatory power.

Democratisation – or democracy itself – was often cited as a root cause for more progressive welfare policies in developing countries after regime transition (Rudra and Haggard 2005; Nooruddin and Simmons 2009; Gerring et al. 2012). Categorising regimes as either democratic or authoritarian is a very rigid distinction to make, neglecting many different shades within this binary demarcation – and, more important, India never experienced a regime transition

or became more (or less) democratic after independence to any significant degree. More enlightening would be the differentiation across regimes, between those where the lower classes and their organisations can be controlled by the elites – resulting in only core benefits for the latter – and those where the poorer sections had to be co-opted and thus reaped larger benefits (on this argument, see Haggard and Kaufman 2008).

In India, the strength of the working class via unionisation is also a poor explanatory candidate, as more than 90 per cent of the workforce is employed informally (half of the rest in the government sector) while unions are fragmented and weak. The influence of civil society – composed of non-governmental organisations, caste, religious, and professional associations – on the rise of welfare entitlements may also have been exaggerated, as its depth is relatively shallow. That despite the large number of associations (Chhibber 2001) and, as the federal states' social profiles differ significantly, also despite the similar strength of civil society associations across India. One must admit, however, the difficulty to assemble reliable data on the number, membership, and political strength of these associations.

Before proceeding further, we should bear in mind that Union States are the main responsible stakeholders for most social schemes – though often financed with support from the central government. Nearly 60 per cent of public expenditure occurs at the state level; in the social domain, around 90 per cent (Tillin et al. 2015) – a higher share than in all other federal countries, or those with provincial autonomy, apart from China (World Bank 2005). Indian federal states are not hindered in starting their own social programmes, expanding the coverage and generosity of central schemes, and altering the ways in which they are implemented (Deshpande et al. 2017). These states were, indeed, sometimes frontrunners of new programmes, for example the midday meal for students (first installed in Tamil Nadu), the employment guarantee scheme (piloted by Madhya Pradesh), or expanded targeted programmes now applying to the whole population (Cavatorta et al. 2015).

Since the implementation of economic reforms in 1990/91, the state's share in social expenditure has even (moderately) increased (Deshpande et al. 2017). The awards of successive Finance Commissions have considerably enhanced the fiscal autonomy of the federal states, bringing the tax devolution to them from 25.4 per cent between 1984 and 1989 to 42 per cent between 2015 and 2020 (Rajaraman 2017). With the 2015 award, the assistance for the former panoply of centrally sponsored schemes (overseen by the ministries in New Delhi) was, in addition, reduced considerably – thus diminishing the discretion of the centre over state policies, as untied transfers to the federal states gained in relative importance. One important factor in the growing divergence of Union States from the late 1980s was the increasing political power of regional parties, and their necessary inclusion not only in governments at the state level, where they became often dominant, but also at the central one (Rao and Singh 2005). There is open debate on how far this has either privileged or disadvantaged transfers to states with the same/different parties ruling, or home to those necessary to form coalitions at the centre (Sharma 2017). Be that as it may, a comparison of welfare policies across Union States

should at least deliver additional insights into the causes of more proactive social policies in India.

The institutional hypothesis for differing welfare state profiles maintains that institutions matter: federalism, independent supreme courts, and other counter-majoritarian characteristics (proportional voting; strong veto players) are assumed to act as a brake on generous welfare entitlements. Alas, in the case of India, the institutional set-up has not changed very much (apart from strengthening the financial power of the federal states in general), and does not differ much across federal states – with, however, the important exception of the scope of the genuine decentralisation of tasks and financial resources to the district and local levels occurring after the constitutional amendments of 1993/94. The federal states differ quite markedly in terms of how much they empowered local governance and implemented the devolution of services thereafter. Karnataka, Kerala, and West Bengal were the frontrunners, devolving all – or nearly all – of the matters identified by the constitutional amendment; all others trailed behind, particularly some poorer federal states (Harriss 2010; Kalirajan and Otsuka 2012; Government of India 2016).

An important difference between Indian federal states is the variance in party systems. In contrast to most other federations, Indian states are often governed not only by different parties (who often do not play a significant role at the central level) but also their respective party system varies between the more or less permanent dominance of one party, tight two-party competition or that of party blocks, or alternatively a wholly fragmented landscape (as in Bihar and Uttar Pradesh). The latter should lead to the emergence or persistence of patronage/clientelistic parties catering for the needs of identity groups; a small number being in tight competition with each other should favour more the rise of programmatic parties. A dominant party, in no need of coalition partners, holding a monopoly may be able to pursue policies for the powerful alone, without considering much the needs of the rest.

3 Official Rationale for Expanding Social Services

Before entering into the debate on how far the causes advanced may carry actual weight, let us first review the public justification given for expanding welfare services in India. I have selected only the most prominent statements in this regard. A recurrent catchword in outlining the official viewpoint is “inclusiveness”: “Inclusive growth demands that all social groups have equal access to the services provided by the state and equal opportunity for upward economic and social mobility (Planning Commission 2008). Better included (in the results of economic growth) shall be the disadvantaged minorities, meaning the Scheduled Tribes, the Scheduled Castes, the Other Backward Castes (ST, SC, OBCs), and Muslims, on whose empowerment the 11th Five-Year Plan puts forward numerous proposals (ibid.). This is reiterated by the 12th Five-Year Plan too, arguing that the critique of its prioritisation of economic growth

was misplaced – as rapid growth in the gross domestic product level was an essential requirement for achieving broad-based economic and social development, delivering the means to finance programmes for inclusiveness. Achieving regional balance would be necessary; income inequality must be kept within tolerable limits (Planning Commission 2013).

The election manifesto of the Bharatiya Janata Party (BJP) in 2014 adds:

Certain segments of our population have been historically disadvantaged. Due to a lopsided development approach and skewed allocation of resources, they continue to lag behind the rest of the country in socio-economic indicators [...]. Consequently, our demographic dividend is not been fully actualized [...]. Our government will be a government of the poor, marginalized and left behind [...]. (Bharatiya Janata Party 2014)

The latest Economic Survey emphasises this even more clearly: “The importance of economic growth, both for lifting those at the bottom of the income and wealth distribution, and providing opportunities for everyone in that distribution, cannot be overstated” (Government of India 2018: 1). This would require, according to the cited reports, a strong macroeconomic basis, accompanied necessarily by close support from the government in the form of a well-functioning, well-targeted, leakage-proof safety net that will provide (in the form of a minimum income) and protect against adverse shocks. Workers in the informal sector and farmers are named as the main targets of support. No nation can become great when the life chances of so many citizens are benighted by poor nutrition, limited by inadequate learning opportunities, and shrivelled by gender discrimination. More shall be done for growth-inducing investment in human capital (education and health, especially of mothers and small children) to the detriment of subsidies, with their known regressive effects (Government of India 2016a, 2017, 2018).

This is a truly progressive order, even if we are able to notice that investment in human capital is regarded in an instrumental way, allowing for further growth and the economic rise of India. Alas, the spending patterns of the central and federal state governments are not really in concordance with the noble rhetorical aims articulated.

4 Spending Patterns for Social Policies in India of Late

First of all, social expenditure as a share of total expenditure by the centre and by the federal states did indeed increase after 2007/08, but soon reached a plateau (the rise of 2016/17 is in budget estimates, not actual expenditure). Nevertheless, the jump towards the end of the first decade of the new century is obvious. But, the share of education and health expenditure in GDP trailed far behind the level promised for more than a decade (6 per cent and 2–3 per cent, respectively). Within social expenditure there is no obvious rise in the share of education and health, but rather of the “less productive” categories (namely, social security). This impression is strengthened if we move from overall expenditure to the more fine-grained categories.

Table 1. Social Expenditure of the Centre and the Federal States (in Billion INR and as a Share of Total Expenditure and GDP), 1990/91–2016/17

| | 1990/91 | 2007/08 | 2010/11 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17* |
|------------------------|---------|---------|---------|---------|---------|---------|---------|----------|
| Social services | 309.7 | 2,590.3 | 4,951.1 | 6,577.8 | 7,125.4 | 7,233.6 | 9,432.7 | 10,938.2 |
| -- educ. | 173.8 | 1,265.3 | 2,487.9 | 3,200.4 | 3,562.8 | 3,568.5 | 4,334.7 | 4,879.0 |
| -- health | 65.6 | 517.5 | 865.1 | 1,083.4 | 1,207.6 | 1,343.7 | 1,772.9 | 2,081.7 |
| -- S.sec | 14.4 | 244.5 | 576.3 | 1,045.6 | 948.1 | 963.6 | 1,391.3 | 1,692.9 |
| -- Hous. | 7.7 | 100.3 | 215.2 | 229.0 | 290.8 | 220.7 | 293.7 | 320.4 |
| -- Fam. | 9.3 | 90.1 | 155.3 | 195.5 | 215.3 | 163.3 | 196.4 | 209.9 |
| Food subsidies | 24.9 | 327.1 | 676.3 | 909.2 | 998.3 | 1,255.4 | 1,511.7 | 1,441.7 |
| SS share | 19.82 | 20.90 | 23.50 | 24.97 | 24.23 | 22.80 | 23.91 | 25.05 |
| SS in GDP | 5.82 | 6.39 | 5.71 | 6.61 | 6.34 | 5.80 | 6.85 | 7.17 |
| Educ. in GDP | 3.27 | 3.12 | 2.87 | 3.22 | 3.17 | 2.86 | 3.15 | 3.20 |
| Health in GDP | 1.23 | 1.27 | 0.99 | 1.09 | 1.07 | 1.08 | 1.29 | 1.36 |

Source: Indian Public Finance Statistics (2016, 2017).

*= provisional

Note: SS = social security and welfare; Social share = share of social services in combined revenue and capital expenditure of the centre and the federal states.

Of the newly introduced or enlarged schemes, the rural employment programme enjoyed the by far largest slice of fresh revenue after 2004/05 (falling back after 2009/10), whereas the expenditure for the midday meals for schoolchildren and the ICDS first rose but later fell back while also receiving far less emphasis. Outlays for social security pensions remained trivial (Drèze and Khera 2017). Out of these programmes, midday meals, the ICDS, and the RSBY are unquestionably more of a “productive” than simply “protective” nature – although it is not straightforward to subsume any programme neatly under one of the two categories. The mid-day scheme was introduced in 1995 by the central government, but genuinely upgraded only in 2004. Today, it covers more than 100 million children – at the cost of around 0.1 per cent of GDP. Its productive nature is the effect of better school participation and learning outcomes.

The ICDS, meanwhile, provides nutrition, health services, and preschool tuition for children under the age of six. It had a slow start, despite being initiated already in 1975, but was greatly expanded after 2006 (following an order by the Supreme Court). Although implementation efforts were mixed across federal states, an overall improvement in services and in positive outcomes for child nutrition and health is undeniable. The RSBY was introduced in 2008, and is, as noted earlier, a health insurance scheme for the poor. It provides cover up to INR 30,000 in hospitalisation costs for members of BPL families, and was meant to reduce or even eliminate catastrophic out-of-pocket payments – in which respect India figured at the bottom of global rankings (WHO and World Bank 2017). The costs of the premium are shared by the central and state governments; they are still minimal, declining from INR 10 billion in 2013/14 to INR 5 billion in 2016/17. Coverage has remained rather low, and the financial pressure on poor households suffering with a member's serious illness has declined only moderately (Karan et al. 2017). The litmus test for a more prominent site of productive social outlay would

be vocational education. In this regard, India ranks extremely poorly with expenditure of only INR 18 billion in 2016/17 – although this is a significant rise compared to earlier years, and in line with the “Skill India” programme of the Modi government.

Less productive (meaning instead, protective) schemes still account for the lion's share of social expenditure. Among them, non-contributory pensions for widows, the elderly, and the disabled are financially rather insignificant (0.06 per cent of GDP of central expenditure in 2016/17). They were provided from 1995 onwards, but are not adjusted for inflation. Their impact on poverty is, therefore, very low. The rural employment programme came into force in 2006, providing work on demand for rural labour for a maximum of 100 days per household. This figure was never reached (in 2014/15, the average was 40 days), but expenditure was nevertheless massive in relation to other programmes (0.6 per cent of GDP in 2009/10; 0.3 per cent in 2014/15). It reached more than 60 million people (in 2014/15), with a majority share (as envisaged) being women and underprivileged groups. I will not deal here with uneven implementation (to the advantage of the better governed federal states), nor with leakages and mismanagement/corruption in execution.

There was, undoubtedly, a positive effect on agricultural wages. The jury is still out on the productive nature of the programme (that is, the usefulness of the created assets), but the piecemeal evidence points to a mixed consumptive/productive effect on the rural economy. In contrast the PDS – providing subsidised wheat and rice rations – was introduced already in the 1940s, though restricted in the late 1990s to only poor households (others had to pay more for these rations). It was always characterised by massive leakages (to the non-poor, middlemen, and shopkeepers), estimated as high as 50 per cent or more even, had a doubtful effect on nutrition, but also a sometimes significant impact on rural poverty all the same (in the better governed federal states). This effect came at a large budgetary cost, as the PDS absorbed INR 1,511 billion of central expenditure alone in 2016/17, accounting for a significant part of total expenditure (3.8 per cent) – not much less than the outlay on public health by the centre and the federal states combined.

If we take the quantitative evidence together, no decisive change in the Indian social policy set-up towards it having a more “productive” nature is detectable – that in concordance with India's greater integration into the world economy or future needs to compete on that terrain, in line with the conclusion of Kühner and Nangia (2017) and Kapur and Nangia (2015). The by far largest portion of the newly dispensed financial means is still assigned to protective schemes, to the benefit of food consumers, rural areas, and underprivileged groups. Education and health services have certainly expanded, but at a slower pace than the rest of the social budget. The quality of these services has also not vastly improved, if we go by learning outcomes – as measured by ASER surveys (across a number of years) – and by still high rates of infant and maternal mortality as well as malnutrition – whereon India fares even worse than some of its neighbouring countries. The quality of social services and their improvement is also difficult to monitor for normal voters (Bold et al. 2018), the quantity and adequacy of them

– the number of schools and teachers, students per class, availability of hospitals, and the like – less so. The latter targets are, therefore, more apt vis-à-vis electoral competition, and can also be achieved by simply pouring more money into the system.

Doing justice to overall performance we should, however, mention that the inclusiveness of services has changed much for the better. By this I mean the near total enrolment of students in primary schools, the vanishing of gender discrimination in primary and – successively – in secondary enrolment, plus a declining rural–urban divide. The same conclusion can be drawn with regard to health services too, where the rates of vaccination, number of mothers receiving full antenatal care, or improved institutional delivery percentages could be cited (for exact figures, see International Institute for Population Sciences 2016). This is not to deny the still-existing gaps between the services received by rich and poor, urban and rural residents, and between people in progressive and less progressive federal states. But in quantitative terms, there has been much convergence in terms of inclusiveness across India. There has also been a distinct trend of universalising benefits within new schemes, bolstered by their being provided as “rights.” All the newly implemented schemes were first sought to be restricted to BPL households, but in every case this proved to be undesirable and was more or less abandoned – meaning, replaced by some method of self-selection. This has been most obvious in the cases of MNREGA and the midday meal programme, followed by a massive increase in the share of beneficiaries within the PDS. Tamil Nadu has already universalised access, whereas most other federal states still operate with an “exclusion approach” – eliminating only households with apparent wealth.

5 Causes of Thriftiness and Generosity in the Provision of Welfare

My own arguments to explain the former political disinterest in providing adequate means for social protection and the distinct change in spending on more inclusive programmes (at least during the last 15 years) are still of a somewhat speculative nature. The lack of former generosity might be explained by the following reasons:

- a) India's development up until the economic reforms in 1990/91 was not really spoiled by a lack of human development. The economy was shielded from foreign competition by huge tariff and non-tariff barriers. The tiny manufacturing sector and its cutting edge could be served by a small number of better educated people, provided in adequate number by a bifurcated education system with a distinct bias in favour of the tertiary system. Rapid innovation in manufacturing and other sectors was more or less unnecessary, as consumers did not have any choice but to consume Indian products – which, in addition, were absorbed externally to a large degree by non-discriminating customers (in the communist bloc). Services were monopolised by the state, and agriculture could do without a massive input of human capital – as the green revolution cared for increasing yields nearly on its own.

- b) Social protection was provided by the family or narrow communities, made possible also by low internal migration compared to other countries at the same stage of development. Life expectation could be improved by focusing on communicable diseases, the fight against which was relatively cheap.
- c) Political incentives for providing better social services were absent for years. The Indian National Congress party dominated for decades the political scene at the centre and in the federal states, co-opting local notables into its ranks – which guaranteed the “right” voting choice by its dependents (Thachil and Teitelbaum 2015).

After the demise of the Congress's monopoly and the rise of regional parties, incentives for the provision of inclusive and well-managed public services improved only in stages. Most of the new parties were narrowly identity-oriented, caring for the needs of only a fraction of their respective societies (in good part by dispensing patronage; see Chandra 2004) but not for society at large. They also could not commit reliably to better performance in social services provision, as they were rarely governing alone (Nelson 2007; Tillin and Duckett 2017).

These causes could be combined also with: little awareness of the long-term benefits of education among the population; the meagre income effects for people not politically connected; and, the minimal exposure to the media of the average household. The quality of services could hardly be gauged by the general public; promises for improvement would have entailed a very long time lag between them and actual outcomes, and therefore lacked any immediate appeal. Lacklustre social policies were thus more or less causally overdetermined.

Why, then, a certain change of late?

- a) India abolished to a large degree the protection of the internal market with its economic reforms in the 1990s and beyond. Manpower needs in the modern sectors (especially in services) increased significantly afterwards, although employment in industry remained rather flat. But productivity in the manufacturing sector had to – and indeed did – increase. Simply to stay competitive, human capital had to be augmented in the modern sectors. Demands for improvement would explode if India upscaled its manufacturing sector to the level of its competitors (China in particular) and integrated it better into global value chains in line with the “Make in India” campaign. Meanwhile, this is only partly the case in reality as Indian companies still cater overwhelmingly for the domestic market. But the economy can certainly not compete on low labour costs indefinitely, and so must advance technologically. This is very much acknowledged by the government and by industry associations.
- b) Investment in human capital is best done, and cheapest, at the early stages of child development (World Bank 2017), laying the ground for later advancement and explaining the official emphasis on mothers' health, combatting malnutrition, and preschool education. Human capital is also not exploited to the desired degree if the education of girls is neglected or educated mothers stay at home. The labour force participation rate of women in

India is particularly low, especially for those educated up to college level (Klasen et al. 2015; Andres et al. 2017).

- c) Along with better income and education, people demand better public services but less often patronage benefits – as the international empirical evidence demonstrates (Bold et al. 2018). India has distinctly improved educational enrolment at every stage, and has rapidly moved up the income ladder – although figures about the enormous breadth of the middle classes are sometimes over-exaggerated. But people in these growing classes, and even those below, care today more about quality services and governance in general, as the more frequent voting out of poorly performing governments demonstrates.
- d) Income inequality has grown significantly in India since the aforementioned enactment of economic reforms, though, politically, former salient disparities (between social groups) have not changed for the worse. But income and wealth inequalities have reached record highs; not very different, indeed, from Latin American societies. The publication of these results by Chancel and Piketty (2017) and Credit Suisse (2017) – as well as the abysmal ranking of India in income redistribution efforts, which places the country near to the bottom of the heap (Oxfam 2017) – has led to heated debate in the country. The government is now reacting: the insistence on reducing inequality in the earlier-mentioned Economic Survey of the Ministry of Finance (2018), not known for its redistributive activism, is significant in this regard.
- e) Better governance performance is, indeed, now more often rewarded electorally. The space for pure identity politics thus seems to be receding, albeit to different degrees depending on – among other causes – the exact character of the federal state party system in question. Philip Keefer (2011) convincingly argues that only institutionalised (and not patronage) parties are capable of implementing programmes in the collective interest of citizens, and only they can be sanctioned by voters in cases of shirking this responsibility. With the rise of the Hindu-nationalist BJP, a party far more institutionalised than the rest (Betz 2006), and the necessary imitation of its strategies by other parties, the space for narrow ethnic/patronage parties in India's states is now slowly shrinking. Thachil and Teitelbaum (2015), in addition, argue that the increasing autonomy of marginalised voters mobilised by ethnic parties can make it difficult for politicians to rely only on a small number of notables or a dominant caste to deliver an electoral victory. Rarely is one caste in Union States as dominant as to guarantee political predominance; parties must, therefore, engineer alliances. The expansion of the winning coalition then raises the incentives for politicians to spend on broader public goods: this is most pronounced where more encompassing ethnic parties are calling the shots (Andhra Pradesh, Assam, Punjab, and Tamil Nadu). This is corroborated by my own research, too: Governments in these states and in those with tight competition between institutionalised parties (usually the Congress and BJP; in Kerala and West Bengal, between two party blocks) deliver better results not only on relative spending

for social sectors but even more so in terms of the quality of it. Multiparty, strongly fragmented systems deliver the worst outcomes (Bihar, Uttar Pradesh); federal states with dominant parties (Gujarat) fare better, but also care less for the underprivileged.

- f) Last but not least, the relative (albeit still moderate) empowerment of women may play a role too. It is well understood that, generally, female politicians care more for social expenditure and the quality of it. India is no exception. According to my own data, in federal states with a large share of well-educated women (10 years of schooling) and with a higher number of these individuals in paid employment, outcomes in education and health (learning; antenatal care; full immunisation) are better on average than elsewhere. The female factor does not explain everything, of course, but in combination with some of the other causes mentioned it does constitute quite a significant aspect of the variance.

6 Conclusion

It is apt to end with an optimistic outlook regarding the possible causes for a more proactive government stance now being taken on social policies within India: From the economic angle, the share of manufacturing and modern services in GDP and the percentage of workers employed in these sectors will increase – at least in consonance with India's rapid growth. People in India are now better educated than ever before, contact with the media has grown enormously, while a certain rise of individualism and blurring of caste boundaries will make narrow political identity appeals even less rewarding in the future – even though the incumbent government does still sometimes fall back on that strategy. Last but not least, a certain phenomenon of female empowerment is on the horizon – even if right now the country still ranks among the worst globally in that regard. These favourable developments do not guarantee that India will soon embark on a far more productive strategy of widely dispensing social security. As elsewhere, politicians in India have to bear in mind the immediate social and financial interests of the mass of voters and the providers of welfare policies (on this argument, see Pierson 2001). They benefit more from the continuation and enlargement of existing protective schemes than from policies intended to make India fit for the world market. A complete overhaul of the social policy architecture in India is, therefore, highly unlikely.

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