

# Children in the XI Plan – Outlays and Outcomes

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## High growth and poor social outcomes

The disconnect between high economic growth and poor social indicators is unfortunately becoming sharper year by year, as more data on health, nutrition, and poverty becomes available. Despite GDP rising by eight to nine per cent every year, the NFHS 3 data shows that malnutrition in the age group 0 to 3 years has declined only by one percentage point in the last eight years. The prevalence of child under-nutrition in India is among the highest in the world, nearly double that of Sub-Saharan Africa, with dire consequences for morbidity, mortality, productivity and economic growth.

The latest NSS round for 2004-05 reveals that the average daily status unemployment rate, which had increased from 6.1% in 1993-94 to 7.3% in 1999-00, increased further to 8.3% in 2004-05. There has been a sharp increase in unemployment (from 9.5% in 1993-94 to 15.3% in 2004-05) among agricultural labour households which represent the poorest groups.

According to the mid-term Appraisal of the X Plan, ‘the Rapid Household Survey, conducted in 1998-99 and repeated in 2002-03 indicates a fall in full immunisations across the country from 54.2 per cent in 1998-99 to 48.2 per cent in 2002-03. Viewed against the crying need to save neonates and infants from dying, this decline in standards, outreach and quality of routine immunisation is unacceptable.’

The adult sex ratio in India had been declining for several decades. That itself was reason for concern. But the sharp decline in the child sex ratio in the last decade from 945 to 927 is a devastating indictment of our society. Sex-detection and sex-selective abortions are today spreading like an infectious disease, from the rich to the poor, from the upper castes to the Scheduled Castes (SC) and even to the Scheduled Tribes (ST). No one wants girls anymore. ‘Eliminate them now instead of dealing with the problems of raising a girl’, goes the thinking behind the deadly actions. We are facing a national emergency, an epidemic that will have far-reaching social consequences. Rural health care in most states is marked by absenteeism of doctors/health providers, low levels of skills, shortage of medicines, inadequate supervision/monitoring and callous attitudes. There are neither rewards for service providers nor punishments for defaulters. As a result, health outcomes in India are adverse compared to bordering countries like Sri Lanka as well as countries of South East Asia like China and Vietnam.

	India	Sri Lanka	China	Vietnam
Infant mortality	60	13	30	19
One year olds fully immunized for measles (%)	58	99	84	93
Population with access to improved sanitation (%)	30	91	44	41
Under-five mortality (per 1000 live births)	87	15	37	23
Births attended by skilled birth attendants (%)	48	97	97	85
Maternal mortality (per 100,000 deliveries)	407	92	56	130

The Prime Minister said at the National Development Council (NDC) meeting on June 27, 2005, ‘Our Infant Mortality Rate is not falling fast enough, and in some states it is worse than even in sub-Saharan Africa. The Maternal Mortality Rate has shown virtually no movement in the past decade or more. This is surely a matter of national shame. Do we care so little for our women and children that we allow preventable deaths to occur even when we know the nature of the interventions required?’

## **Broad solutions**

While addressing the above issues in the XI Plan would require a multi-pronged attack, including new sectoral policies and innovative programmes, this paper will confine itself to only two critical issues, the need for increased resources for social sector, and the problems of delivery and implementation.

## **Provide more funds**

GoI allocation for education, health and other sectors relevant to children has increased significantly over the past few years, but part of this increase is illusory because the Pay Commission Award has added to the salary burden. Thus the budget increase may not have resulted in corresponding increase in the number of teachers or doctors. Secondly, 70 to 80% of the total expenditure on social sector is borne by the states, but they have not been able to arrest the decline in social expenditure as a proportion of total expenditure, as shown below.

### **Changes in expenditure on education and health as % of total expenditure (all states)**

<b>Year</b>	<b>Education</b>	<b>Health</b>
2000-01	17.4	4.7
2001-02	16.1	4.4
2002-03	15	4.1
2003-04	12.6	3.5
2004-05	12.7	3.5
2005-06 (RE)	14.3	4.2
2006-07 (BE)	14.4	4.4

Source: RBI website

According to the latest Economic Survey, social sector expenditure by Centre and State Governments combined as % of GDP has declined from 6.23% in 2005-06 to 6.04% in 2006-07, the same as it was in 2001-02.

As shown below, India has the lowest share of GDP as public expenditure on health among the major countries of the world. India also has the most privatized health sector in the world. Our government spends only 0.9 per cent of GDP on health and the public sector share is less than 20 per cent of the total expenditure on health. In contrast, in most developed countries the share of public expenditure on health exceeds 5 per cent of the GDP and is more than

60 per cent of the total expenditure on health. Even in the USA where private healthcare rules the roost, and the cost of private healthcare is borne by the insurance companies, the government accounts for about 45 per cent of the healthcare expenditure. This shows that our public expenditure on health is grossly inadequate.

### **Expenditure on Health: International Comparison**

Countries	Health (% of GDP in 2000)		Public expenditure on Health as % of total expenditure on health
	Public Expenditure	Private Expenditure	
India	0.9	4.0	18.4
Bangladesh	1.5	2.6	36.6
China	2.0	3.4	37
Malaysia	1.8	1.6	52.9
Sri lanka	1.4	1.7	45.2
Thailand	2.1	1.6	56.8
USA	5.8	7.3	44.3
UK	5.9	1.4	80.8
Sweden	6.2	1.8	77.5
Egypt	1.8	2.3	43.9

Source: UNDP, World Human Development Report, 2003

### **Problems of delivery and implementation**

Outlays should not be considered as an end in itself. Delivery of social services requires increasing financial resources, but more importantly the quality of public expenditures in these areas. This in turn requires improving the governance, productivity and accountability of government machinery. On the other hand, over the last two decades there has been a sharp decline in the quality of services being provided by government to its citizens, especially the poor. We suggest some feasible solutions.

### **Shift from input controls to monitoring of outcomes**

Officials at all levels spend a great deal of time in collecting and submitting information, but these are not used for taking corrective and remedial action or for analysis, but only for forwarding it to a higher level, or for answering Parliament/ Assembly Questions. Often data on performance reaches late, or is not available district-wise, with the result that accountability cannot be enforced. For instance, the Rapid Household Survey, conducted in 1998-99 and repeated in 2002-03 indicates a fall in full immunisations across the country from 54.2 per cent in 1998-99 to 48.2 per cent in 2002-03, with rapid decline in the poorer states. Similarly, delivery at public institutions has declined from 24% to 18.5%, and ANM making home visit within two weeks from 14.1 to 12.7% during the same period.

Had this data been available every year and for each district, it would have been easier to fix responsibility and help in outcome monitoring.

On the other hand, state governments do not discourage reporting of inflated figures from the districts, which again renders monitoring ineffective. As data is often not verified or collected through independent sources, no action is taken against officers indulging in bogus reporting. For instance, in UP the number of fully immunized children that was being reported by the state government was almost cent percent in 2001-02 and 2002-03. However, the Rapid Household Survey, conducted in 2002-03 put the figure of fully immunized children in UP at less than 30%. Such cases of flagrant over-reporting should not go unpunished, otherwise honest reporting would be discouraged. It is not enough that the central government departments and the state governments use professional and academic organisations to undertake impact studies from time to time. Their findings must be publicised and discussed with key stakeholders so that improvements in design and delivery can be effected at the earliest. Governments should also put on its website findings of the impact studies, and distribute these in the workshops it organizes. Dissemination of results is critical for use.

Assess quality - There are unfortunately no indicators for assessing the quality of programme outcomes. GOI and civil society may like to fill this void and produce reports that assess the quality of outcomes. For instance, one would like to know how many newly constructed toilets are being used, and what impact has it had on peoples' health and hygiene. According to the Sector Reforms report by Unicef on Orissa, less than half of those who avail subsidy are actually using the toilets, either fully or partially. The district administration is not held responsible for poor utilisation, because information is collected on construction, but not on usage.

Access by classes - We need to measure access to government services of different category of services, so as to ensure that the rich do not monopolise services. Almost half the poor children in India are not immunized at all. This stands in stark contrast to the wealthiest quintile in which less than 8 percent of children were not immunized. One needs to quantify changes in access to government services by the marginalized groups so as to enforce accountability.

Set service standards and inform public about it – Government should inform the people for each village/locality the standards of service they can expect in due course. For instance, government should announce that although drinking water is available for X hours a day today, it will be Y hours after six months or a year. Government's failure to provide quality services is forcing common people to opt and pay for private provision, often only a shade better than what government provides.

Measure satisfaction - The system of information flows in government does not report on satisfaction. The data on drinking water reports the number of taps and villages covered, but not the quantity, quality and availability of water distributed. If the objective is to increase public satisfaction, one must begin by measuring it over a period of time. Even when people have physical access to a service (school, PHC), they are largely dissatisfied with its quality. In Bangalore, where the satisfaction from public hospitals was being annually monitored, it improved from 25 to 34 percent between 1994-99, but jumped to 78 per cent in 2003. This highlights the importance of regular information flows.

Measure absenteeism - While satisfaction may be subjective, and with economic progress people's aspirations for high quality services may have increased, quantitative data on absenteeism of both service providers and service

receivers (students in classrooms, or women turning up for institutional deliveries) throws a great deal of light on the quality of service. For instance, a study of Rajasthan indicated that 45% of doctors were absent from PHCs, and 56% of the time sub-centres were closed. Worse, the patterns of absences and facility closures were essentially unpredictable, so people could not plan their visits.

One of the shocking findings of a number of qualitative studies is that the average number of official teaching days is as low as 140 in a year in many parts of the country, more so in schools that are away from the main road or those situated in slums in urban areas. Harvest, planting, rains, heat, cold and festivals – almost any reason is sufficient to close down the schools. Research studies have also noted high teacher absenteeism and the prevalence of a system whereby teachers come on a rotation basis and keep an undated leave-letter behind just in case there is an unscheduled inspection. More worrying is that even when teachers do come to school, the average teaching time for each group of children in a multigrade situation could be as low as 25 minutes a day!

Pratham, a voluntary organisation, has evolved a simple test in education which judges the extent of learning in primary schools at a low cost of Rs 18,000 per district. Such measurement should be widely replicated and disseminated. With one in four government primary school teachers absent on a given day, and only one in two actually teaching, India is wasting a considerable share of its education budget, and missing an opportunity to educate its children. The overall teacher salary has little effect on absence, since teachers cannot be fired and attendance rates do not affect their emoluments. However, better infrastructure does provide a stronger incentive to attend school on a particular day. Similarly, improving monitoring increases the marginal cost of teacher absence. Role of CAG - The CAG audit focuses mainly on financial irregularities and while systems or performance appraisals are carried out, these fall short of management audits and do not indicate how management can be strengthened. Also, physical inspection is rarely undertaken. It is obvious that on-the-spot verification is not done by the audit of CAG which concentrates excessively on compliance with the formalities laid down for incurring the expenditure and neglects the output and outcome generated by such expenditure.

CAG's charter should change, and should include measuring outcomes. It should involve social scientists and professional experts in auditing programmes. All Departments and Ministries should publish in their Annual Reports action taken on CAG's findings in the last two years.

Governments should introduce social audit by assessing the experience of the people service providers are intended to serve. With community participation, the evidence should be collected from stakeholders, so as to promote accountability, equity, effectiveness, and value for money. Such an audit will supplement conventional audit and will often provide leads to it. Financial audit aims at making organizations accountable to the government and to the legislature. Social audit makes them accountable to their stakeholders especially in relation to the social objectives.

### **Promoting public private partnership**

The role of private sector in social sector is not sufficiently recognised in India. For instance, most health care is now given in the private sector and, for the poor, by very poorly or untrained practitioners. Rather than trying to replace private services, the Government should try to improve the private market, with the carrot of training and the stick of public information. Public funds should be reallocated to combating communicable diseases.

In the urban areas of eight major states more than half of children in elementary schools were found to be in the

private schools. The advent of private sector is not the result of an official policy, or a result of public-private partnership, but is a coping mechanism for failing public services. However, many such schools get no government aid, although they may be catering to poor children. Often aid is given for paying a very high salary to teachers (who for their selection have to bribe those responsible for recruitment), but it does not result in improving either school infrastructure, or performance of students.

High wages with little accountability for actual service delivery makes public sector agencies and bodies an obvious target for patronage hiring, which results in massive over-staffing. The Mumbai Municipal Water Corporation has 35 workers per thousand connections whereas well functioning utilities have about 3 per 1000. It appears that Government (including the left parties) is committed to public service providers, but not to public service provision. A radical change is called for.

For instance, to universalise elementary education, we should have three category of schools: government schools, aided schools and unaided schools. Each school must seek registration, and should be affiliated to the Examining Body, if it is seeking a certificate for its students. Government aid to the aided schools should be purely based on its outcomes and infrastructure (play ground, computers, etc.), and teachers' emoluments should be decided by the management, and not by government. Government should have a right to enforce its policy regarding admission to poor children and provide scholarships, etc. The amount of aid per student should roughly be the same what government spends on its own schools, if the management is able to produce outcomes that are better than what is achieved in government schools. This policy may not be liked by the teachers, but the moot question is: are we for students or for teachers? To soften the blow, government should announce some sops for good teachers, as study leave provisions, scholarships to pursue higher education, etc.

The unaided schools should be left totally free to decide their policies, subject to conditions imposed in registration and affiliation. On the other hand, government schools must set a very high standard in both teaching as well as outcomes (ethical behaviour, examinations, etc.).

### **Link performance with fiscal transfers**

Very little of GoI's annual transfers to the states (roughly Rs 2,50,000 crores, not including subsidies, such as on food, kerosene, and fertilizers) is linked with performance and good delivery. Often incentives work in the other direction. For instance, Finance Commission (FC) gives gap filling grants so that revenue deficit of the states at the end of the period of five years becomes zero. Thus, if a state has been irresponsible and has ended up with a huge revenue deficit, it is likely to get a larger gap-filling grant. In other words, FC rewards profligacy.

The concept of good governance needs to be translated into a quantifiable annual index on the basis of certain agreed indicators such as infant mortality rate, extent of immunisation, literacy rate for women, child sex ratio, feeding programmes for children, availability of safe drinking water supply, electrification of rural households, rural and urban unemployment, percentage of girls married below 18 years, percentage of villages not connected by all weather roads, number of grade A government officials prosecuted and convicted for corruption, and so on. Once these figures are publicized states may get into a competitive mode towards improving their score. Central transfers should be linked to such an index.

States should be divided in three categories, those whose per capita income is below the national average, those

where it is above the national average, and the special category states (such as the north-east and hill states). The advantage of this categorisation, which already exists in the Planning Commission, is that poorer states like Orissa will not be competing with better off states like Tamil Nadu.

An annual fund of about 10,000 crores should be created at the Planning Commission to augment plan resource of those states who agree to improve governance on the lines suggested in this paper. This fund would be available to the individual state only when it signs a MOU with the Planning Commission about the proposed reforms the state would undertake and the time period of completing various bench marks to be identified jointly by the Planning Commission and the state. Six-monthly meetings would be held with the participating states and the progress of implementation of various commitments made by the state governments would be reviewed. The size of the fund should be increased to Rs 40,000 crores in five years.

### **Simplify procedures**

GOI had in 2004 issued instructions for increasing ICDS centres, but it appears that the states will take a lot of time in completing formalities. Nine chief Secretaries had to appear personally before the Supreme Court in March 2007 because the proposed centres have still not been made operational. The state governments could expedite the process and cut down on possible delays. Rather than do activities sequentially, we should do them in a parallel fashion. For instance, they can complete several steps (creation of posts, recruitment, selection of villages and sites, advance budget provision) simultaneously rather than do one activity at a time, so that much of the delay can be reduced.

Budget – Release of budget is neither certain nor timely. The budget cycle is too short for full utilisation of funds for capital works. Expenditure budget should be valid for two years, so that capital expenditure can be completed without surrender of funds. Similarly for centrally sponsored schemes, approval of the state legislature should not be necessary for using central funds that are transferred to the state consolidated fund.

Funds allocated to the departments in the state budgets are not released during the year in an orderly manner and that far too many references have to be made to the finance department (FD) for prior approval for release of funds on ways and means considerations. Large funds are released at the end of the financial year resulting in many irregularities in booking the expenditure.

The trouble arises because the precepts of financial discipline have not been internalised in the administrative departments and have to be imposed externally from outside by FD. It is high time this system is changed. The state governments should adopt, for this purpose, the system of financial advisors obtaining in the Government of India. Under this system, the financial advisor (FA) is responsible to the main finance only on certain broad budgetary matters. In all others, he works under the control of the administrative secretary.

Selecting NGOs – Several programmes such as IEC for sanitation are run by the NGOs. However there is a great deal of wastage, as often the procedure to screen out undesirable NGOs is not in place. GOI may assist state governments in framing new Guidelines which would help the districts in identifying good NGOs in an objective manner, so that assistance is extended only to those NGOs who have a good track record and proven competence in i) community mobilisation, ii) implementation of development projects through people's participation including expenditure through people's committees, and those iii) who have worked for the empowerment of the socio-

economically disadvantaged people. It is of utmost importance that the process of selection of NGOs is completely transparent.

## **Recruitment and postings**

All states will recruit a large number of teachers, AWWs, ANMs, and other medical staff in the coming years. Procedure for doing so varies from state to state, and some states are able to complete recruitment with minimum complaints or litigation, because they follow a fair and transparent procedure. If appointment is for a particular post (and not to the cadre), postings to remote and difficult places does not pose a problem. The centralized process of recruitment for a cadre affects backward areas adversely, as teachers selected through this process would resist appointments to schools in remote areas. One of the reasons for better attendance of AWWs is the fact that their post is not transferable. The state governments should also construct residential quarters for its block and village level staff, if it wants to improve attendance. GOI should provide matching funds. A beginning can be made with tribal blocks for which the Ministry of Tribal Affairs and Backward Region Fund can be asked to contribute. In almost all states, there are frequent transfer of teachers from the rural areas to urban areas at their requests, thereby interrupting teaching and learning, particularly when the transfer takes effect in the middle of the school year. The transfer of teachers, and to some extent educational administrators, is considered to be one of the most politically sensitive areas. Teachers are a large community and transfer is seen as a politician's tool for obliging, reprimanding or exhibiting their influence in the government. For all these reasons, politicians are opposed to having a statutory policy on transfers.

At the same time it must be recognized that some posts would have more attraction for the employees than others. These may be due to better location where good schools or cheap government housing is available, more challenges, the pull of private practice for doctors, or simply more opportunities to make money. Except for the Indian Foreign Service, no other service categorises posts according to its demand so as to ensure that everyone gets a fair chance to serve on both important and difficult (such as in remote and tribal areas) assignments. One should categorise posts in each department according to the nature of duties and geographical location into A, B and C posts, and chart out the kind of mix that should dictate the average officer's span of career. At least for Group A officers, one should be able to know through websites that total transparency is being observed and whether some 'well connected' officials have not been able to get 'plum' postings and avoid difficult areas.

One progressive element introduced by some states relates to the computerised counseling system based on transparent consultation with departments, with decisions on transfer being related to incentives and objective criteria. Based on the recognition that staff transfers in the past have been too frequent, and not sufficiently based on merit criteria, it is important that transparent policies are adopted, which increase employees' morale and faith in professionalism.

Government positions in social sector should have an adequate representation of women. In some states, such as Rajasthan, the cadre of Child Development project Officers (CDPOs) is not reserved exclusively for women, with the result that 88% of the serving CDPOs are male. They are often on deputation from other departments, which reduces their sense of ownership with the ICDS. In most states, avenues for promotion for AWWs and Supervisors are limited, and stagnation sets in their mid-career. It would be better if all Supervisors are selected from eligible AWWs, whereas Supervisors can be promoted as ACDPOs.

A study of inter-state variation in these personnel issues will not only be welcome by the states, but will show the way to healthy practices in recruitment, postings and promotions. There is also a great deal of variation in promotions of para teachers to regular posts. In some states, such as Bihar and Orissa, salary disbursement to contractual staff is delayed by several months leading to demoralization and demotivation amongst the staff. This again can be avoided through more innovative procedures.

It may be mentioned here that countries like Japan and Singapore do not pursue the practice of annual transfers. If an employee is corrupt or inefficient, the traits would get displayed wherever the employee is posted. What we require is effective supervision and the prompt commencement of disciplinary action against such employees instead of shifting them to another place.

### **Summing up**

Development is an outcome of efficient institutions rather than the other way around. Focus therefore must be shifted from maximising the quantity of development funding to maximising of development outcomes and effectiveness of public service delivery. Concerted policy action is needed to improve the social indicators of children belonging to the 300 million poor, increasingly concentrated in the poorer states. This requires additional resources for the social sector, as well as better policies and sound delivery mechanisms. Unless teachers attend schools and teach, doctors attend health centres and provide health care, and incentives for them to do so are not perverse, mere increase in the social sector expenditure would only result in further leakages and swelling of the already non-functional parasitic bureaucracy.