

Caring for destitution or not?

by Jan Breman

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The moral standard of state and society can be deduced from the way people are treated who are not productive anymore and have no assets of their own. Missing the means for self-providence includes all those among the labouring poor who are disabled either because of Old age, defective health or other handicaps that prevent them for working for their livelihood. With the introduction of the *Informal Workers' Security Act* the Government of India seemed to acknowledge that people without means of livelihood were entitled to state provisions if they had lost their labour power to gain an income. However, the act passed by the end of 2008 was not the beginning of a right-based approach to solve the problem of improvidence. It merely enabled states to incorporate various schemes and programmes which were already in place in different parts of the country for vulnerable categories in a nation-wide framework and back them up with central funding.

What were the arrangements made in the past for providing sustenance to the labouring poor when they lost the capability to work? My presentation will focus on West India where I have carried out fieldwork in both rural and urban localities during the past half century. From the pre-colonial era onwards members of the tribal Halpati caste in south Gujarat used to be attached as farm servants to the main landowners of higher castes. Engaged in a condition of *bonda*²e they had a right to livelihood and received social benefits in exchange for serving their patrons dutifully and loyally in a relationship of life time duration which was passed on from generation to generation. In addition to their daily wages paid in kind, the labouring poor were entitled to their basic needs in the slack season or when they were not fit to work due to illness or old age. The terms of engagement extended to provisions which enabled the *halis* to take care of life cycle events and other social obligations. Thus, patronage and exploitation were the opposite ends of an arrangement which allowed for the cost of social reproduction at the bottom of the agrarian economy and facilitated a culture of domination imposed by the high-caste landowners in the peasant society that was India. Labour bondage, of

course, also implied that people without access to land had to relinquish their freedom and to accept subordination in order to be secured of their livelihood. Once agricultural production became more capitalist in nature, and not labour hut land became a scarce commodity, a process of de patronization started which left the former clients in a condition of isolation. The landowners did not feel obliged any longer' to guarantee the livelihood of their subordinates. The government turned out to be reluctant to take over the functions of patronage, especially the provision of protection and security. The landless class was excluded from the land reform operation that was carried out shortly after independence and had no other option but to continue working for wages that were barely enough to survive. Thus, at the start of my village-based fieldwork in the early 1960s, I found the rural proletariat of south Gujarat in a state of pauperization.¹

In the long transition to a monetized and more diversified economy structured along capitalist lines of production the small contingent of the workforce which found access to the slowly emerging formal sector of employment in the urban economy qualified for benefits meant to improve the plight of the working class. Mahatma Gandhi, as the founding father of the Textile Labour Association in Ahmedabad which emerged as the leading trade union in colonial India, insisted that the worker's pay should be enough for the basic needs of his family. Gandhi's demand for a fair wage included social care provisions such as retirement benefits, health insurance as well as a dearness allowance to compensate for the rising cost of living. The benefits gained in the first decades after Independence were the outcome of legislation introduced to strengthen the bargaining power of labour, in particular of the small segment which got organized. The industrial legislation that came about remained restricted to a vanguard of the workforce outside agriculture which benefited from the role played by the state as honest broker in balancing the interests of capital and labour. The National Planning Committee set up in 1940 and chaired by Jawaharlal Nehru wrote the draft for the transition to an urban-industrial society heralded as the ultimate destination for the multitude of land-poor and landless labour made redundant in the rural economy. The regulations the state planners proposed were modeled on those already practiced in the developed world and included social welfare provisions such

¹ 1 Jan Breman - *Patronage and Exploitation; Changing Agrarian Relation, ships in South Gujarat,*

as health insurance to cover against illness and invalidity, survivors' allowances and old age pensions². But the progress promised did not filter through to the huge workforce outside the public sector and the mills and, moreover, turned out to be only temporary in nature. While the regulating state also began to extend its intervention to employment modalities in the informal economy, no serious attempt was made to effectuate the acts passed.

A committee set up by the Congress government of Gujarat recommended in 1966 that a minimum wage be introduced for agricultural work. It rejected the suggestion that its level should be fixed on the basis of the cash needed to *meet* the day-to-day cost of living. The point of departure was then, and still is, that the proposed wage should not affect agricultural productivity as well as profitability and, moreover, should not be fixed at too high a rate since that would prevent labour, massively redundant in the prime sector of the economy, to move out and find a better job in towns and cities. In 1972, for the first time, a statutory wage was introduced which obliged farmers to pay three rupees per day for casual labour. It was not a coincidence, of course, that the periodic revision of the floor rate inevitably came when new elections were announced. Given the extremely low price of labour, the distribution of cheap grain has proved an important way by which to prevent further intensification of economic destitution due to the spiraling cost of living. In reaction to reports drawing attention to the increasing frequency of clashes between landowners and landless, the Gujarat government decided to introduce various social insurance and welfare schemes aimed at reducing the threat to the survival of the most vulnerable segment of the workforce. These schemes were announced as an initial step towards a more comprehensive system of social protection. The need was obvious. According to the 1991 report of the *National Commission on Rural Labour*, a mere 2.5 per cent of India's GDP was expended on social security. Besides, that budget was mainly if not

Univ. of California Press, Berkeley 1974.

² 'The Study of industrial Labour in Post-Colonial India', pp. 29-41 in J. Parry, Jonathan P., Jan Breman and Karin Kapadia (eds.) - *The Worlds of Indian Industrial Labour*. Sage Publications, New Delhi 1999.

exclusively spent on organized labour in the formal and largely urban economy.

In rural Gujarat, the greatest political capital was made out of the state pension for which old and disabled agricultural workers qualified who lived in destitution. In 1981 the then Congress government launched this scheme as an election stunt. A few years later, it declared that the state pension would be paid to all aged and handicapped workers without adult children and with no means of their own. They would be entitled to receive 50 rupees per person per month and 100 rupees per family, an allowance which was doubled in 1991. Although insufficient for survival, such trifles would alleviate the plight of all those unable to sustain themselves. That is the paltry sum of money would do so if it indeed reached the targeted beneficiaries. But the chance of this ever happening, let alone on a regular basis, remained small. When I came back to the villages of my fieldwork in 1986-7 for a new round of investigations, I found that only one old woman had once been favoured with payment of this benefit, a one-time gesture which she and others (including the official in charge) saw as an inexplicable and unrepeatably stroke of luck rather than a right she could claim in future. Better target group identification, more forceful implementation and sharper control over compliance with the law, all required more effort than most politicians and bureaucrats were willing to make. My conclusion was that preference had been given to an approach that would provide immediate political gain with minimal pressure on the government's budget. However, I also pointed out that when the state takes the initial step acknowledging the claim to social security, expectations are aroused on the demand side that ultimately cannot remain unanswered.³

The strategy of informalization which followed in the late 20th century saw the end of policy efforts in the public domain to promote social emancipation by exercising control over the use of labour by private enterprise. It meant that capital was set free from the onus to take care of

³ Jan Breman - *Beyond Patronage and Exploitation: Changing Agrarian Relations in South Gujarat*. Oxford University Press, Delhi 1995:339-40,

the welfare of labour. The closure throughout the 1990s of about 50 composite textile mills in Ahmedabad, once called the Manchester of India, led me to investigate the impact the turn around in the city's economy had on the dismissed workforce of at least 125.000 mill hands. A deep fall in income, erratic but long hours of work in casual jobs, deskilling, absence of collective action and lack of representation together with loss of social welfare were major features of their forced exit from formal sector employment. A greater threat to the well-being of the former mill workforce and their families than the deterioration in food intake was the loss of their right to free medical care. Sliding down from what in the doctrine of the liberalized market was looked upon as unduly privileged and protected terms of service, these people have come to share the plight of the informal workforce boiling down to absence of job security⁴, income security and social security.⁴ However, in the previous decades labour laws had been promulgated for the workforce in the informal economy. The most important of these were the Minimum Wage Act 1948, the Contract Labour (Regulation and Abolition) Act 1972, the Bonded Labour (Abolition) Act 1976, the Equal Remuneration Act 1976.. the Inter-State Migrant Workers (Regulation of Employment and Conditions of Services) Act 1979, the Child Labour (Prohibition and Regulation) 1986. In 1981 a Rural Labour Inspectorate was set up to promote the employment conditions of workers inside and outside agriculture and to protect them against exploitation and malpractices of their employers. Government Labour Officers were appointed at the district and sub-district level to monitor the implementation of the legislation.

Reporting on the outcome of my ongoing fieldwork in south Gujarat, I concluded a few years later on that the state protection for the rural proletariat as it operated was rather meaningless or even counterproductive. The government labour officers used their mandate of inspection to line their own pockets instead of exposing and prosecuting employers for non-

⁴ Jan Bremen - *The Making and Unmaking of an Industrial Working Class; Sliding Down the Labour Hierarchy in Ahmedabad, India.* Oxford University Press, New Delhi 2004.

payment of minimum wages.⁵ A strong lobby of vested interests saw to it that agrarian and non-agrarian workers remained as unprotected and insecure as they had been before. In the transition to a liberalized economic regime *inspector raj* was abolished to avoid further "unnecessary" litigation as harm led to the overriding objective of keeping the cost of labour down to the lowest possible level. Recent interviews held with senior officials of the Labour Inspectorate in Gandhinagar and of the Divisional Offices in South Gujarat, which has been for long the area of my fieldwork, clarify that this agency still exists but has stopped to do what it was set up for.

The department of labour is therefore not in a position to conduct inspections. It is even not in a position to attend to complaints, let alone enforce labour laws. Its officers and staff are unmotivated and frustrated, and have little enthusiasm to enforce labour laws. In addition, there are political pressures frequently working on them. Many of them have become corrupt in this environment.⁶

All the failings mentioned above are corroborated in the memoirs of a high-ranking official who took charge of the Labour Inspectorate of Gujarat.⁷ On his appointment in 1990 he found how this state apparatus had become one big extortion racket. These were payments received from industrialists and businessmen for not doing what the inspectors right from the central to the district level were supposed to do, i.e. to see to the proper implementation of the labour legislation which was still intact. When this Labour Commissioner refused to be co-opted in the scam going on, he was first warned and then demoted to another agency. It took him not long to find out that similar embezzlement and fraud went on in his new

⁵ Jan Bremen- 'State Protection for the Rural Proletariat', pp. 291 -332 in *Wage Hunters and Gatherers; Search for Work in the Rural and Urban Economy of South Gujarat*. Oxford Univ. Press, Delhi 1985.

⁶ I.Hirway and N. Shah — 'Labour and Employment under Globalisation; The Case of Gujarat', *Economic and Political Weekly*, vol.XLVI, no. 22, May 28, 2011:62.

⁷ See ethicalmanagementluke.com accessed on August 15th, 2012

job. Instead of distributing equipment to handloom weavers in order to raise their productivity and income, officials, politicians and other stakeholders teamed up to pocket the money allocated for this purpose. The public campaign going on at the moment against corruption has remained targeted on cases in which ministers and other politicians are implicated. While the uproar this has caused is quite understandable, Hazare and his well-wishers have insufficiently articulated that corruption is a relationship in which a substantial part of their middle-class clientele is embroiled, now eager to join the bandwagon for cleaning up India. Also understated in the frenzy that has become popular against dirty politics is that the poor, much more than the better-off, are made to pay the price for corruption, either directly or indirectly, which they can least afford.

The contraction of the public sector and the progressive exposure to the free interplay between limited demand and abundant supply from the end of the 1980s onwards gave rise to a labour market conditioned by the rule of flexibilization: hire-and-fire rather than sustained employment, casual instead of permanent work status and a switch from payment for the labour rendered from time rate to piece rate. The drive for so-called self-employment, actually a disguised form of 1k aged labour in many cases. Became a major feature of this strategy. As a result more than nine-tenth of India's workforce came to depend for their livelihood on the informal economy. The policy and political drive targeted for higher growth rates over and above fixing a bottom line required for the creation of social space in favour of redistributive justice. In its *World Development Report* 1995, the World Bank wanted us to believe that employer-workers relations in the informal economy were governed by a wide range of social customs and traditions which mitigated the insecurity of the labouring poor. Employers were said to continue wage payments during the slack season, to provide loans to workers who faced unexpected expenses and to support aged workers or those unable to work for health reasons. The Bank warned against the early introduction of a public safety net in order to ease life somewhat at the bottom of the economy. The extended family network was supposed to shell out extra income and security to individual workers and

their households. In this view from the commanding heights, private transfers had an important insurance function. Apart from leveling income inequalities, they provided old age support and moderated the effects of disability, illness and unemployment.

Employer-worker relations in the informal sector are governed by social customs and traditions. For wage earners the informal employment arrangements often includes an element of insurance and risk sharing, with employers agreeing to pay workers a fixed wage while they remain unemployed, regardless of seasonal or other fluctuations in demand. It is also common for employers to provide loans to workers who face unexpected expenses, or support older workers or those unable to work for health reasons. The type of support is never formally agreed upon in advance. But in many countries informal commitments by employers are an important part of socially acceptable codes of conduct, especially in rural areas.⁸

These statements, I commented in a review, showed an outrageous degree of ignorance but also a deliberate neglect of all countervailing evidence about the lives of the working poor. Still, the mission of market liberalization relentlessly carried out suggested that informal modes of employment were the solution rather than the problem. They succeeded in reducing the cost of labour to the lowest possible rate, often not much higher than required for sheer survival.⁹

In the changed scenario a minimum of social welfare for the worker was not any longer guaranteed. Neither by the private employer nor by the state which abandoned the role earlier performed, if not in practice than at least in principle, as protector-cum-provider of the common good. The search for a viable income, including both the cost of sustenance and reproduction, was henceforth considered to be the problem of the individual

⁸ *Workers in an Integrating World, World Development Report. The World Bank, Washington D. C. Oxford Univ. Press, New York 1995:87.*

⁹ *Jan Breman — 'Labour Get Lost: A Late-Capitalist Manifesto', pp. 167-93 he Labouring Poor in India; Patterns of Exploitation, Subordination and Exclusion.. Oxford Univ. Press, New Delhi 2003.*

worker and the household to which he or she belonged. What happened was that, in Karl Polanyi's terminology, the economy got disembedded from the framework of society.¹⁰ The provision of social care was essentially left to the ability for self-help. Cash payments needed to deal with adversities such as illness and old age but also cost of marriage and other once-in-a-while expenses have to be met from savings made. The model of self-coverage also extended to people without assets and further handicapped by a lack of skilled labour power. Relations of neo-bondage arising out of indebtedness were the inevitable outcome of the coping strategies the poor had to resort to in order to pay for the cost of illness or lifecycle events. Totally without resources that can be mortgaged or encashed these people have no alternative but to sell their labour power in advance. It means losing the freedom to choose your own employer or to change your job until the debt is paid off or rather worked off. Moreover, part of the deal is to receive wages lower than paid in the open market. Such exploitative terms of employment explain what I have called neo-bondage, i.e., a form of attachment to an employer which has features distinct from the agrarian bondage as it used to exist in the past. The incidence of debt bondage is widespread in the informal economy, particularly among migrant workers and segments equipped with a social identity which makes them vulnerable to exploitation and discrimination from the better endowed castes and classes. Tying down labour by payment of advance wages has since long been a way to secure a cheap and bonded workforce, bringing down the cost of a worker below the going market rate, and does not include an element of insurance and risk sharing as the World Bank would have it.

Being constrained to live far below the poverty line is to fall short of the minimal income required for the modicum of self-help needed to keep body and mind intact. Social action of civil associations, if taken at all, is often not very meaningful. Micro-credit schemes set up to make the rural landless more productive have failed miserably in the area of my fieldwork.

¹⁰ K. Polanyi — *The Great Transformation; The Political and Economic Origins of Our Times*. Boston 1944.

All attempts trying to organize the Halpatis in *Self Help Groups* have failed, because they were not able to handle the petty loans handed out to them as starting capital. The staff of the non-government organization involved in this initiative blamed the recipients for their lack of sobriety and thrift. The daily wages paid out to them in the evening are instantly spent. None of it can be saved to cope with adversities that are a frequent feature of their deficient subsistence, cost of illness in the first place. Accordingly, the animators of the micro-credit scheme tend to portray the landless lot as non-deserving poor afflicted with ailments attributed to their own defects rather than to underemployment and inadequate income. Improvidence transgressing into destitution is under conditions of predatory capitalism the outcome of the rationale to prioritize profit to capital by depriving labour from a critical set of provisions made either in private or public transfers. The steadfast refusal to pay a living wage to the rural poor is accompanied by an unflagging insistence on the privatization of property. This reappraisal of ownership rights has led to the erosion of common resources such as access to the village wastelands. It meant the loss of communally held benefits which used to contribute in important ways to the coping strategies of the rural poor. It is quite clear by now that all those who rely solely on their low or unskilled labour power for making a living have hardly benefited from the accelerated pace of economic growth. The prolonged economic boom has made the middle and upper classes – barely a quarter of India's population – much better off than they were before, an equal portion may have managed to somewhat enhance their condition, while the majority of the informal workforce made only little progress or none whatsoever.

A National Commission set up in autumn 2004 by the United Progressive Alliance coalition to report and advise on policies concerning the informal economy was charged with the task to recommend how to increase employment and bring about improvement in the efficacy and efficiency of this sector. The strong focus in the terms of reference on what were proclaimed to be 'unorganized enterprises' clarified that the government did not consider the welfare of labour to be the pivotal to the

commission's main body of work. However, the need to address the social question became the core theme of the agenda which the members of the constituted panel drew up to operationalize its mandate. The exercise lasted for five years and culminated in a series of documents which highlighted the excessively skewed distribution of growth in the post-reform period, backed up by the observation that three-quarters of India's population had to make do with an average of less than Rs 20 per day per capita in 2004-05. The classification of these people as poor and vulnerable stems from the commission's conclusion that the official poverty line of Rs 12 per day consumption was fixed at an inordinately low level.¹¹ Those who have to survive on half that amount are destitute and should be put on record as the victims of pauperization, a term carefully avoided in all official documents. Rejecting the tenacious belief in the trickle-down mechanism as mere wishful thinking, the panel of experts elaborated on the inability of the poor to cope with their improvidence b) having to rely on their individual or household income. It explains why the fixation of a minimum legal wage rate stood at the top of their long list of recommendations. Fully aware that the proposed agenda was bound to encounter strong opposition from the milieu of vested interests, the panelists suggested a first beginning by adapting a rights-based program of action promoted by a still organized segment of the working class and a vigilant civil society. Their strategy stipulated the creation of a social floor guaranteeing for all citizens access to adequate food (to end malnutrition), sufficient employment (to cope with lack of work), fair wage and steady income (to be relieved from a life of poverty), social security (to be protected against adversity), housing, healthcare and education (to raise the level of well-being). It meant actually a return to the basic needs approach promoted by the International Labour Organisation during the 1970s, although for a couple of years only and then abandoned under strong pressure exercised by powerful donor-members of

¹¹ *The Challenge of Employment in India: An Informal Sector Perspective. Report of the National Commission for Enterprises in the Unorganised Sector, Government of India. Volume 1, Main Report. Academic Foundation, New Delhi 2009.*

this agency. Here I also have to draw attention to the seminal proposals put forward in 1992 by S. Guhan to introduce social security provisions for the poor in the unorganized economy of India. In his sober assessment he cited the opening sentence of the Human Development Report 1991 arguing that ‘the lack of political commitment, not of financial resources, is the real cause of human neglect.’¹²

Has the political climate in India become more conducive of late? The answer to this question has to take into account a wide variety of policies practiced in different parts of the country. The diversity seems to be conditioned by three factors in particular: the presence of social activism propelled from civil society, a clean and efficient government machinery committed to the implementation of pro-poor policies and not only representation but also effective participation of the targeted beneficiaries in the welfare schemes. Jointly these conditionalities seem to be operative in the best cases that happen to be located in South India. The absence of these pre-conditions in Gujarat explains, in my opinion at least, the failure of social welfare policies in the state with a proud economic growth record, but which ranks dismally low on the human development index. At the outset it has to be clarified that Gujarat has a sustained economic growth rate higher than any other state in India and is lauded by corporate business worldwide as the most *friendly* state for private investment. The Chief Minister claims to have driven down the segment of the population living below the poverty line to 17% in 2004-5, a figure which is much lower than the national average.¹³ Relying heavily on the market mechanism with

¹² S. Guhan — ‘Social Security for the Poor in the Unorganised Sector; A Feasible Blueprint for India’, pp. 203-31 in Parikh, K.S. and R. Sudarshan (eds.) — *Human Development and Structural Adjustment*. Macmillan, Madras 1992

¹³ It would have to be lauded as a marvelous achievement but one difficult to rhyme with more dismal statistics, as for instance high rates of malnutrition and child mortality in this paradise of economic success. When asked in an interview with the *Wall Street Journal* to account for the shocking number of malnourished children. Moth answered that Gujarat is a middle class state with a proclivity for vegetarianism. Here is where the problem lies, according to him. Scared of getting fat, children won’t drink milk. “The middle class is more beauty conscious than health conscious” (see *The Hindu* Sept. 1st, 2009). Underconsumption is in his explanation not an indicator of starvation but stems from an ill-advised diet of people who have left scarcity behind them. Moth’s piece of misinformation has received a fitting reply from Indira Hirway in which she explains that low wages, poorly functioning public schemes and patchy access to clean water and sanitation are the real

government providing the physical infrastructure, the success of what is called the Gujarat model is attributed to the leadership of Narendra Modi. His record seems to suggest that also without a rights-based approach to development the incidence of improvidence is bound to go down. That assumption, however, is falsified by official statistics showing that the number of people in 2002-3 officially ranked below the poverty line (*bpl*) amounted to more than a third of all households in Gujarat.

I have monitored in the area of my research the impact of the Social Security Bill passed in Parliament late 2008 and meant to alleviate the destitution of the most vulnerable categories, specifically old aged men and women, widows, and handicapped adults and minors belonging to households which have a priority ranking in the *bpl* list (i.e. scoring between 0-16). Of such households stuck far below the official threshold of deprivation in the four villages of my longitudinal research in south Gujarat not yet one out of five qualify for benefits that should have been made available to them under the social security bill. It means that the large majority of the non-labouring poor are excluded from their legal dues. But more deprived from receiving entitlements than the old aged and widows are the disabled, a substantial category which barely figures in the government statistics.¹⁴ The provision of state benefits in the villages of *my* recurrent anthropological fieldwork have been rechecked by the staff of a rural hospital with a long standing practice of community health interventions in the vicinity. Local-level based animators belonging to the milieu of the poor themselves were selected and trained to conduct a survey. They were asked to go around in the village of their residence — four, of which two are also the sites of my own fieldwork — to identify all inhabitants who are improvident and unable to take care of their own maintenance, to help preparing the files of all those who are potential beneficiaries and to

explanation of Gujarat 's paradox of hunger amid the seeming plenty. Malnourishment is caused by maldistribution of the fruits of economic growth (The Hindu 27/9/2012)

¹⁴ For a detailed overview of these local-level findings, see 'Poor Relief in South Gujarat', ch. 8 in K.P.Kunnan and Jan Breman (eds.) — *The Long Road to Social Security*. Oxford University Press, Delhi 2013.

facilitate the processing of their applications by the district authorities.¹⁵ In the survey carried out in the first half of 2012 a total of 589 persons (all of them old aged, widowed or deserted women and handicapped) were listed irrespective of their bpl status and meeting or not the formal criteria required to become eligible for a benefit, e.g. scoring not above 16 in the bpl ranking, having no adult son, in the case of widows an annual income of less than 2,400 rupees, and handicapped for more than 80 per cent of their abilities.¹⁶ It means that out of the total population in these four villages roughly 7 per cent would have to be classified as destitute. It is a rather low estimate, in my opinion, caused by a style of work and life which makes the labouring poor vulnerable to an inordinately high morbidity and premature death rate. Of males in particular, as indicated by the very large proportion of females found in destitution, not less than four fifth of the 589 identified. From this total only 118, or one out of five, comply with the formal criteria set for granting the stipulated cash benefit, but out of this number only 38 managed to become registered as beneficiaries. Nearly all of them belong to the old aged (9 above 60 and 27 above 65 years), while only 2 widows and none among the handicapped adults or children in the households surveyed receive their entitlement. It means that from all people living in destitution in the four villages not yet one out of fifteen have been able to qualify for state support. Particularly disconcerting in the dismal performance of the government machinery is the utter disregard for the plight of the handicapped. Among the very serious cases of physical or mental disability we encountered in our investigations only a few have managed to get a state benefit. Without mediation and support from above also their claim would not have been sanctioned.

The cash benefit, that comes as a prize for the fortunate ones in what

¹⁵ *The UNFPA regional office in India has sponsored the investigations as well as the interventions made by the rural hospital of Kharel put villages of the Navsari district. south Gujarat.*

¹⁶ *The criteria are constantly changing and an expert committee constituted by rural development minister Jairam Ranesh has recommended relaxation of norms and eligibility under the National Social Assistance Programme that comprises old-age pension, disability pension, widow pension and family benefits for BPL families (see Times of India, All India edition, p. 14, November 3, 2012). One of the recommendations made is that the restricted coverage of disability pension be lowered from 80 per cent to 40 per cent. The reduction would be an enormous improvement but the change in regulation would remain meaningless if not followed in practice.*

amounts to a lottery, moderates but fails to end destitution because it does not even allow them to satisfy their most minimal needs. The money orders for what are meant to be monthly allowances are sent with long, variable intervals in between and this irregularity adds to the uncertainty that the benefits will continue to be disbursed. Recipients are not informed why their entitlements are suddenly withdrawn. This may happen when a minor son reaches the age of 21 years, since he is henceforth supposed to take care of his widowed mother or aged parents. In other instances there is no good reason for abruptly stopping payment. Can this be attributed to a temporary problem, lack of sufficient expertise, which will be over once the agencies involved in making the remittances become better versed with what they have to do? The passing of time, however, does not seem to overcome tenacious practices of inefficiency caused by bureaucratic incompetence, sloth and sloppiness. More is amiss than just a tardy, piecemeal and reluctant expansion of attempts made by the government to compensate for the lack of social protection against adversity in the habitat where the rural landless dwell at the village margins. The high rate of economic growth, sustained over the last quarter of a century, did not result in any wealth redistribution and the gap between the rural *haves* and the *haves-not* has widened further.¹⁷ Excessively low wages in combination with massive underemployment are distinctive features at the bottom of the village economy leading to acute food shortage, health problems and other manifestations of misery in households with inadequate incomes. It simply means that budget of the labouring poor, meager as it is, does not allow them to take care of the non-labouring poor as well.

The official wisdom is that the difficulty the poor have in getting access to a wide variety of state-provided benefits arises because they cannot prove who they are. The problem they face is considered to be a lack of well-documented distinctiveness of their existence a proper name and address to begin with — which keeps them locked up in a state of

¹⁷ See also Jan Breman — *The Poverty Regime in Village India; Half a Century of Work and Life at the Bottom of the Rural Economy*. Oxford University Press, Delhi 2007.

anonymity.

They live in villages where multitudes share the same name. Their lack of an identity excludes them from the modern economy. They cannot open bank accounts, and no one would be so foolish as to lend them money. The government offers them all kinds of welfare, but because they lack an identity, they struggle to lay hands on what they have been promised. The state spends a fortune on subsidized grain for the hungry, but an estimated two-thirds of it is stolen or adulterated by middlemen. The government pays for an \$8 billion-a-ye make-work scheme for the rural poor, but much of the cash ends up in the capacious pockets of officials who invent imaginary 'ghost-workers'. Thus *The Economist* commiserated in its weekly issue of January 14th, 2012.

However, the same periodical enthuses its readers with the good news that the invisibility of the poor in India has ended with the introduction of the Unique Identity Scheme. Their fingerprints are taken and irises scanned in order to become registered into what has already become the world's largest biometric database. The registration of these markers on the IUD card will empower the deprived to get their dues, such as food rations, employment on public works, access to health care and cash benefits when their labour power fails them. Really? I would argue that the absence of a clear profile is not a mere technicality which can be solved by biometric means but requires political commitment to redeem the poor from the limbo in which they are held. The way the *Rasthriya Swasthya Bima Yojana* (RSBY), the National Health Insurance Scheme has become operative in the villages of my fieldwork amply demonstrates that the introduction of a smart card has not realized the stated objective, which is to protect BPL households from major health shocks that involve hospitalization. Outsourcing enrolment to a private company has led to haphazard registration which excluded a substantial number of the targeted beneficiaries. Because of shoddy data collection the district authorities were unable to distribute many of the smart cards. Moreover, their holders turned out to have only a faint idea when, where

and how to use them. Nor were they aware for which diseases or ailments the RSBY card provided coverage or not.

Summing up my findings in the localities of my long-term investigations in south Gujarat I first need to point out that the state and the poor are not interconnected but separated from each other and do not interact on the basis of mutual understand interest. They are bifurcated in two sharply divided circuits, the first one accessible nowadays *on-line* and characterized by formal rules and regulations. The second circuit, the domain of the poor, is structured and cultured by the sphere of informality all around, Potential recipients of benefits do not know what they need to do, where to go with their claims or whether or not they qualify for the social provisions belatedly, sparingly and haphazardly made available. Officials, from the village *talati* to the authorizing deputy collector in the district center, interpret the excessively detailed criteria with discretionary latitude and fail to inform each other on action taken. What I tend to call informalization of governance is a striking feature of the administrative machinery leading to widespread leakage of funds, lack of coordination, accountability and transparency between the various echelons in the bureaucratic hierarchy and denial of legal entitlements.

In the course of my fieldwork I found that obstruction starts already at the grassroot level. In the case of a widow the *talati* has to sign her main application form twice and in addition write nine separate chits stating that she is a widow, has no adult son, has lived in Gujarat for more than ten years, certifies that she belongs to a particular caste, is from the BPL category, has not received support earlier, has an annual income of less than 2400 rupees, is eligible for receiving support etc. Applicants do not get this documentation easily. Burdened with the administration of two or three villages, the *talati* sits in his office only once or twice a week and is too busy then with other records to attend to requests for his help. In one instance, just to try him out, we took along a well/known high-caste elder, and then in a couple of minutes all papers were signed. It suggests that without the blessing of the local elite the poor are unable to get their rights

acknowledged.

Rather than to facilitate the requests made for benefits, the applications are examined in a spirit that comes close to distrust and suspicion of the claimants' good faith. No application is formally rejected because the filled-up forms are only accepted when all chits and certificates required are attached. The various schemes have a highly populist flavour and are subject to administrative or political manipulation and abuse. In line with what I observed in earlier publications, whatever the government does to improve the plight of the rural underclasses is frustrated by the indifference of the local authorities and overt or covert sabotage from the village elites. On their side, the eligibility of the poor for state-provided benefits is compromised by the absence of horizontalized representation and forms of collective action. Their concerns and complaints are not made manifest in their ability to establish a platform of agency and close ranks in a show of solidarity. Instead of standing united their strategy is to rely on *olkhan*, help from the higher ups for pleading their case. Unaware of or even misguided about the mismatch of social welfare schemes that have been enacted, the targeted categories often fall back on vertical relationships of dependency to qualify for what otherwise would remain beyond their reach. The landless mass is a fragmented workforce without the collective bargaining power required for redeeming themselves from deprivation and insecurity.

An unconditional reliance on the free interplay of market forces in order to maximize economic growth is adhering to a road map which produces more deprivation for the social classes down below and more wealth for those higher up. Moreover, these divergent dynamics are interconnected in the sense that the ongoing squeeze at the bottom is directly related to the accumulation of surplus at the top. It is basically, a strategy of betting on the rich and ignoring or obfuscating what happens to the poor, not to acknowledge the latter multitude as citizens but to reject them as outcasts. To halt the drift to further polarization a turn-around in the economic policy from exclusive to inclusive growth is forthwith

required. Such an inclusionary strategy would be in accordance with Mahatma Gandhi's formula of not prioritizing growth above redistribution. In this spirit the Committee on Fair Wages setup by the central government in 1948 recommended that the worker should *receive* pay not only sufficient for mere survival but would also allow for expenditure on education and health, for example, to ensure an adequate labour performance. The father of the nation went on record saying that if wages should remain below the level at which labour's basic needs could not be met, the industry in question would forfeit its right to exist. Not waiting for the ultimate trickle down of what is left over but rather insist on a bottom-up route, is the proposed recipe of the NCEUS. Eschewing the term formalization of employment, which is what they actually have in mind, the members of this panel have pressed for a leveling-up approach. I share the Commission's opinion that participation in the process of economic growth is the yardstick of being included or not. The welfare state which emerged in West Europe during the first half of the 20th century was the outcome of an equity directed drive of economic, political and social transformation. As Tony Judt has eloquently argued in *In Fares the Land*¹⁸, it meant that a built-up fund of welfare was not spread around but got generated by expansion of decent and dignified employment in the public and private sector on the basis of state intervention and the political execution of policies resulting in a more egalitarian climate all around.

Given the degree of poverty and vulnerability confronting the labouring poor, it is remarkable that the proponents and beneficiaries of "India Shining" do not seem to be bothered by an anxiety that the anguish and anger building up among the bottom ranks of the urban and rural economy might spill over in outbursts of violence. While the country's prime minister has repeatedly declared the Maoist threat in the remote jungle hinterland to be the main security risk the nation faces, drawing attention to the simmering unrest in the urban and rural slums of the heartland is much more exceptional. In Gujarat, it was only at the introduction of minimum wages for agricultural labour that the committee

¹⁸ 2010, Penguin Press

asked to make proposals urged the authorities in 1966 to act quickly before the landless masses would resort to radical agitation. The notion of *la classe dangereuse* played a pivotal role in the willingness of the elites in West Europe from the end of the 19th century onwards to absorb the underclasses into mainstream society. While the *haves* in that part of the world decided to change tack and facilitate the inclusion of the *have-nots* into the welfare state, India's better-off classes do not appear to be much bothered by fear of a social revolt from below. To the extent that the risk of such an eventuality is recognized, the tested arsenal of weapons commanded by the powerful — intimidation, brutalization and if all that fails co-option of as few while sustained exclusion of most — are thought to be adequate. Built into the economic dogma of growth first is, the ingrained notion held by the India's elite that the old fabric of inequality is meant to endure. The social question does not even arise in a milieu favouring the better-off and shutting up the voices of the poor.

As for Gujarat, which remains the recurrent theatre of my ongoing research, Narendra Modi is out to show in public meetings that he can do what his officials fail to deliver. In a roster of visits to districts towns, the chief minister hands out welfare benefits to the deserving poor in the style of a patrimonial ruler. He reads out the names of the recipients and what is gifted to them. The audience rounded up for the circus is supposed to react to Modi's largesse with humble gratitude and political loyalty. The *garib kaliyan mela* have the character of poor out-relief which is haphazardly distributed or denied. What have been announced as statutory rights are downgraded as favours and doles in practice. My conclusion is that the social welfare package as handled by the government of Gujarat is no substitute for the shortfall in income and work and hardly makes a dent in the misery of the most vulnerable. How to improve the fate of a massive army of reserve labour which is structurally redundant in a thoroughly liberalized market economy and beyond the protection of a government which condones rather than resists a social hierarchy based on an ingrained ideology of inequality? Fair enough, what is going on in Gujarat cannot be generalized for India as a whole. For the reasons stated, dynamics which are

more hopeful can be detected elsewhere. While conceding that the poverty of the down and out seems to be addressed with more success in some other parts of the vast South Asian subcontinent, mainly in the southernmost states, I also have to point out that Gujarat is not a unique case of growing prosperity at the top and ongoing misery at the bottom. To suggest that the social question in India is held in a state of abeyance is an understatement. In my perception the economic and political trend is still marked more by a morale of exclusion than of inclusion.