

The Way Forward



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Introduction

In this, the last chapter, which sets out to chart a course for the future, we take stock of the issues discussed in the preceding chapters and suggest some broad policy strategies. Each chapter contains a very detailed set of recommendations which will not be repeated here. The chapter will highlight central concerns in Karnataka's human development and indicate signposts for the future.

Unlike previous State HDRs, this Report has a thematic focus: it analyses public investment in human development in Karnataka and its outcomes with regard to the physical quality of life, especially for the poor and marginalised groups – literacy, education, healthcare, nutrition, drinking water, sanitation, housing and livelihoods. The Report has presented, within the context of financing human development, an analysis of the multiple deprivations experienced by people located at the intersection of caste, poverty, gender and region. The Report notes that equity and efficiency are not mutually exclusive, but are mutually reinforcing. There cannot be a trade-off between fiscal prudence and social sector investment. The provision of adequate funds must necessarily be matched by enhanced efficiency in service delivery for both the rural and urban poor. The governance reforms in Karnataka have been evaluated from this perspective. Since devolution of planning, governance and service delivery powers and functions to local bodies, is perceived, quite correctly, as the most effective way of ensuring accountability and transparency at the grassroots, the Report assesses the performance of local governments in transforming the human development scenario in Karnataka. Governments and local bodies perform best when civil society is vigilant in voicing and safeguarding public interest. Social mobilisation based on right to information initiatives and informal collective associations such as women's self-help groups, which go beyond credit, to empowerment, could well be a step in that direction. A review of the work of NGOs and their partnerships with government as well as civil

society suggests that there is a need for stronger partnerships for development – a public-private-NGO-community coalition for human development, instead of stand-alone interventions by each of them separately.

Human development in Karnataka

It is now recognised that while high economic growth is indeed crucial to a country's development, it may not automatically improve the lives of all people especially if there is inequity of access to the benefits of growth, which results in exclusion and the marginalisation of large sub-populations. The UNDP Human Development Reports replace the growth driven model of development by one that affirms that growth without human development is inequitable, unjust and exclusionary. Development must be people-centric and people-driven to be truly meaningful.

One of the major findings of the Karnataka Human Development Report 1999 was that Karnataka ranked seventh among major Indian states with a human development index (0.448) that was only slightly higher than all-India (0.423). The 1999 Report noted that most of the social indicators for Karnataka hovered around the national average and there was a need for the state to break out of the mould of an average performer. This Report establishes that while Karnataka has improved its performance, its HDI (0.650) is only marginally higher than the all-India HDI value (0.621). Among states, it still ranks seventh. At the international level, Karnataka's position is 120 while India is 127. The attainment of human development in Karnataka is considerably better than in most South Asian countries such as Pakistan, Nepal, Bhutan and Bangladesh.

Financing human development

The 1999 HDR also recommended a significant increase in public investment in social sectors and directing the additional resources to the

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Equity and efficiency are not mutually exclusive, but are mutually reinforcing. There cannot be a trade-off between fiscal prudence and social sector investment.

Karnataka's improvement in rank over the decade in terms of both per capita social expenditure and per capita human expenditure, took place despite the fiscal squeeze it was then experiencing and indicates an across-the-board and politically non-partisan commitment to human development.

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more needy districts. During 1990-2001, Karnataka experienced the country's highest growth rate of GSDP as well as per capita GSDP, at 7.6 per cent and 5.9 per cent respectively. Despite this, the state remains in the category of middle-income states, with per capita GSDP slightly below all state average. The HDI in Karnataka also increased by 20 per cent from 0.541 (revised) in 1991 to 0.650 in 2001. Although Karnataka's standing in HDI and its various components is higher than all-India, its position is below the neighbouring states of Kerala, Maharashtra and Tamil Nadu. Complacency at being better than the all-India average should not lull Karnataka into moving slowly. The state, in the years ahead, must ensure that it draws level with, if not surpass, the performance of those neighbouring states that have performed well in human development. This means that there will have to be a substantial increase in investment in both physical and human capital and improvement in the productivity of the capital invested. Countries like Cuba and Sri Lanka, which prioritised social sector spending, have seen this strategy pay off with very good human development indicators. In India, the states are the principal providers of social services, incurring as much as 85 per cent of the national expenditure on services such as health, nutrition, education, housing, water supply and sanitation. Hence, any enhancement of human development indicators will mean that Karnataka must earmark a substantial quantum of its financial resources for the social sector.

UNDP's Global HDR 1991 suggests that the public expenditure ratio (PER) for a country should be around 25 per cent; the social allocation ratio (SAR) should be about 40 per cent and the social priority ratio (SPR) about 50 per cent. The human expenditure ratio (HER) should be about 5 per cent. In contrast, PER in Karnataka has been less than the suggested norm of 25 per cent over the entire decade. SAR, even with the inclusion of rural development, has seen a steady decline throughout the 1990s. At the beginning of the decade, the SAR at 41 per cent was just above the norm, but during the decade, it fell to almost 34 per cent in 2002-03, which is well below the suggested norm of 40 per cent. The

calculation of SPR, due to the inclusion of more heads of expenditure than those used by UNDP, meant that SPR was just around the norm of 50 per cent in 2002-03. Finally, the HER was lower than the suggested norm of 5 per cent in all the years, and it has been steadily swerving from the norm.

However, if one moves away from ratios then the situation is somewhat brighter because Karnataka was next only to Gujarat and Maharashtra in the percentage of increase in per capita social expenditure and per capita social priority expenditure in the 1990s. Karnataka's improvement in rank over the decade in terms of both per capita social expenditure and per capita human expenditure, took place despite the fiscal squeeze it was then experiencing and indicates an across-the-board and politically non-partisan commitment to human development.

The declining trend in the PER, SAR, and SPR in the 1990s indicates the magnitude of the challenges Karnataka must confront to achieve the MDGs and the Tenth Plan targets. There has also been a significant decline in the share of expenditure for rural development, nutrition and family welfare. Public healthcare services are very important to the poor who are its principal clients, but expenditure on health and family welfare has marginally declined from about one per cent of GSDP in 1990-91 to about 0.88 per cent of GSDP in 2002-03. The share of public health in the budget has declined from around nine per cent in 1990-91 to about six per cent in 2001-02.

In order to achieve the targets set for the Tenth Plan, not to speak of the MDGs, the state government will have to make an additional allocation of about two per cent of GSDP. Even this, it should be noted, is not adequate to achieve the objectives of the state's many departmental vision statements, nevertheless, providing additional resources of the order of two per cent of the GSDP itself is a challenging task.

How will this be achieved? A strategy incorporating three critical elements is suggested:

1: Providing additional budgetary space

for allocations to human development expenditures by (i) increasing the stagnant revenue-GSDP ratio, (ii) improving power sector finances as a strategy for financing for human development, (iii) levying appropriate user charges on irrigation and taking steps to collect these charges, (iv) ensuring greater efficiencies in power and irrigation, (v) rationalising grants and fees for higher educational institutions, and (vi) containing unproductive administrative expenditures. (vii) The debt swap scheme introduced recently will provide some fiscal space to the state government to enhance spending on human development in the next few years. (viii) Similarly, the introduction of VAT should enhance the revenue productivity of the tax system in the medium and long term.

- 2: Expenditures must focus on targeting problem/low performing sectors such as (i) the backward regions and districts which have low HDI; (ii) the poor and the marginal groups viz. women because the GDI reveals the existence of inequity of access and outcomes, and the Scheduled Castes and Scheduled Tribes whose HDI reveals the chasm that separates them from the total population.
- 3: Social priority sectors must get optimal funding. Currently, in education, primary education does receive a major share of the education budget but with almost all of the outlay going for salaries, more resources will have to be provided for infrastructure and other inputs for improving the quality of education. While the expenditure on primary healthcare has remained stagnant, tertiary healthcare is increasingly getting a bigger share of resources. This trend must not continue since investing in primary healthcare gives better value for the investment. With as little as 19.55 per cent being spent on supplies, services and maintenance all of which are important inputs for improving the quality of services, Karnataka must improve its performance in healthcare by providing more funds for medicine and sub-district medical infrastructure.

Human development outcomes

The Report analyses the effect of various factors such as budgetary support, state policies and economic growth in the 1990s on human development outcomes in the state, which will be briefly reviewed below.

Poverty, income and livelihoods

The state is witnessing a structural transition in the composition of its domestic product with the share of the primary sector declining sharply. In the 1990s, Karnataka's growth of 6.9 per cent exceeded all-India's 6.1 per cent. However, in the period 1993-94 to 2003-04, the manufacturing and service sectors grew at 7.50 and 10.61 per cent respectively, while growth in the primary sector regressed to 0.61 per cent per annum. The share of the primary sector fell from 38.10 per cent in 1993-94 to 20.90 per cent in 2003-04 but an increase in the tertiary sector from 37.9 to 54 per cent pushed up the growth rate.

The tertiary sector contributes more than half the state's income, but employment is still primary sector oriented. Agriculture continues to be the mainstay of employment although employment levels are decreasing. Agricultural labour, which accounts for 40 per cent of the rural population, has the lowest level of consumption among all occupational groups. The self-employed in agriculture, who form the next largest segment, have the second highest incidence of poverty among all categories. The proportion of marginal workers in the total workforce is increasing. The percentage of irrigated land is so low that it has serious implications for rural incomes. Women form nearly 60 per cent of the agricultural labour force. Among the southern states, Karnataka has the second largest percentage of children living in poor households. Growth in Karnataka continues to be Bangalore-centric. By 2000-01 Bangalore city alone was contributing about 22 per cent of the state's total income. Bangalore Urban and Rural districts generated a fourth of the state income. Bijapur, Bidar, Gulbarga and Raichur were the poorest districts in terms of per capita domestic product. Labour productivity is the lowest in all north Karnataka districts except Dharwad.

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Literacy and education

By 2001, Karnataka had achieved, at least partially, the Tenth Plan goal of 75 per cent literacy with an urban literacy rate of 80.58 per cent. The rural areas with 59.33 per cent literacy are some distance from the gatepost. The goal of reducing the gender gap in literacy by 50 per cent by 2007 will require concerted efforts since, between 1991 and 2001, the gender gap in literacy declined rather slowly by 3.1 and 3.76 percentage points in the rural and urban areas respectively. It is a matter of concern that the illiteracy rate is more than 63 per cent among Scheduled Tribe and about 58 per cent among Scheduled Caste females. As many as 15 districts (nine in north and six in south Karnataka) have a literacy rate that is below the state average.

The department of Public Instruction has identified certain education-related goals to be achieved by 2006-07 but they appear to be rather ambitious when juxtaposed with current levels of attainment: (i) All children to complete 8 years of schooling. The improvement in the mean years of schooling over a 4 year period was a modest 4.25 in 2003-04 from 3.97 in 1999-2000. (ii) Of those who complete 8 years, 80 per cent should go on to secondary education. In 2003-04 it was 40 per cent. (iii) Increase achievement levels. This has been defined in terms of passing examinations rather than achieving enhanced learning skills. (iv) Reduce income, gender, caste, religious, regional gaps in enrolment, retention and other indicators.

In order to ensure that the above goals can be met within a realistic time frame, and 'Education for All' does not remain a distant promise, macro policy initiatives must focus on:

(1) Increasing resources for primary and secondary education: The Kothari Commission recommended six per cent of the GSDP and this seems reasonable. Currently expenditure on school education is overwhelmingly salary-related and hence more resources will have to be provided for quality-enhancing inputs such as classrooms, furniture, libraries, laboratories, teachers' training and instructional material. Inadequate and/or lack of infrastructure

are a significant cause of high dropout rates. The infrastructure index for primary schools reveals that Bangalore Urban district (0.81) leads in terms of facilities provided to students and Uttara Kannada (0.20) is last. A World Bank study (2004) found that poor school infrastructure also discouraged teachers who preferred to work in schools with toilets, electricity, covered classrooms, non-mud floors and libraries. In fact, schools that are near paved roads have less teacher absence. Education financing must ensure more capital expenditure. The educationally backward regions require special attention in the context of maximising educational performance with existing resources.

(2) Reducing significantly, the differences in the educational attainments of boys and girls; SCs, STs and the total population; the northern districts especially the Hyderabad Karnataka region and the coastal and *malnad* districts and between urban and rural areas. Removal/reduction of disparities is central to ensuring equity of access to the underprivileged, and it is a daunting task because it means that policy makers must engage with the structural causes of inequality and the extent to which these gaps can be bridged by pro-active state policies.

Karnataka has many achievements to its credit in terms of universal access and enrolment and must now focus on retention and upgrading the quality of learning. About three per cent of primary schools in rural, and four per cent schools in urban areas, do not have any teachers at all while about 20 per cent in rural and seven per cent schools in urban areas have only one teacher. All schools must have two teachers. Nine districts in north Karnataka and five districts in south Karnataka have less than 50 per cent female teachers in primary schools in 2003-04 which is not in accordance with the state's own norms. As many as 16 (nine in north Karnataka) districts are below the state infrastructure index average. Addressing these shortfalls will have a beneficial impact on girls' attendance especially in the educationally backward regions/districts.



The infrastructure of high schools is also poor, particularly in north Karnataka as the average index (0.37) of these districts is below the average index of the state (0.42). In 2002-03, as many as 54 per cent schools did not have any toilet and 68 per cent schools did not have separate toilets for girls. Ensuring that 80 per cent of those who complete primary education move into secondary education means that high schools must provide basic facilities to students, especially for girls.

Examination results (SSLC) indicate that government and rural high schools do not perform as well as privately managed schools and urban schools. Government schools provide services primarily to low income groups, girls, SCs and STs and rural areas. Their coverage is extensive, which ensures accessibility and this has been the policy thrust so far. Ensuring that the underprivileged have access to quality education will have to be the next step in the process of removal of barriers between social groups, regions as well as boys and girls.

Healthcare and nutrition

As stated above, health expenditure which declined from one per cent of GSDP in 1990-91 to 0.88 per cent in 2002-03 must be stepped up to three per cent of the GSDP if the objectives of the government's Vision document are to become a reality. Rural healthcare resources must be augmented since the gap between urban and rural health indicators is very pronounced due to a variety of reasons, including the inadequacy of the quality of healthcare provided to the rural population. As in education, policy must target disparities: backward regions/districts with high IMR and MMR, sensitive sub-populations (SCs and STs) whose health profile is so manifestly worse than that of the state population, and women, because so many macro health issues arise from their location at the juncture of gender and poverty.

With more than 70 per cent of total infant deaths taking place at the neonatal stage, interventions must focus on multiple tactics such as encouraging spacing methods, particularly

in young couples and strategically combining community healthcare with institutional facilities. The state must achieve universal immunisation among children below two years by intensively targeting high risk districts such as Raichur. For MMR to be reduced significantly, healthcare interventions must ensure complete antenatal care and universal coverage by trained birth attendants with institutional obstetric care for problematic cases. The state has seen an increase in HIV/AIDS prevalence, consistent with the national trend and needs to take timely action to ensure that its gains in human development are not undermined.

Nutrition is a major health issue, as is evident from the high levels of under nutrition and anaemia in poor women and children from rural areas, and SCs and STs. The targets for 2007 include reduction of severe malnutrition among children from 6.2 per cent to three per cent and moderate malnutrition from 45 per cent to 30 per cent, and reduction in newborn children with low birth weight from 35 per cent to 10 per cent. Any workable strategy must centre on convergence of the multiple food security and employment generation programmes in the state to ensure that the weakest and poorest are not excluded from the ambit of these schemes.

Water supply, sanitation and housing

In terms of house ownership, the state (78.5 per cent) is fourth among the southern states and is below the all-India level. A little over 31 per cent of households in Karnataka have access to drinking water within the premises placing the state above its neighbours, Tamil Nadu and Andhra Pradesh. The growing unsustainability of water supply schemes is a problem area for the state since over-exploitation of groundwater for irrigation has resulted in a sharp decline in groundwater levels. Rural sanitation is in a pitiful state. While the situation is not much better in the other southern states with the exception of Kerala, an unsanitary environment is the perfect breeding ground for disease. This is one area that requires more attention with reference to funding and public awareness.

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When disparities impact human development

Gender

The Gender-related Development Index (GDI) in Karnataka (0.637) is higher than the all-India average (0.609), as per the data for the base year 2001. Karnataka is 6th among 15 major states in gender development, which is better than its rank in human development. At the international level, Karnataka's rank in the GDI is at 99 as against 103 for the entire nation.

The GDI at the state level has improved from 0.525 in 1991 to 0.637 in 2001, registering an increase of 21 per cent in ten years. The pace of reduction in gender disparities needs to be stepped up. It is only marginally higher than the increase of 20 per cent in the HDI during the same period. Only seven districts, Bangalore Rural, Bangalore Urban, Dakshina Kannada, Kodagu, Shimoga, Udupi and Uttara Kannada have a GDI above the state average. Regional disparities are as sharply manifested in gender issues as in human development.

Gender bias in access to healthcare, education, water supply, sanitation and housing has its basis in (i) the inequalities within the household that women have to contend with which result in their getting less priority than males in terms of access to income, food, healthcare and education, and (ii) the gender bias of service providers.

Any roll back in public expenditure on social services, as noted earlier, impacts poor households very adversely, and women in particular, since the poor rely heavily on public facilities in health and education. The burden of expenditure on health or education on poor households in the context of a reduction in public funding of these services means that women's nutrition, health and education become casualties when difficult choices confront families.

In Karnataka, as in India, the feminisation of poverty is an unfortunate if increasing trend. Women's work participation in agriculture has increased, it is true, but it has been as wage

labour. Their participation in the secondary and tertiary sectors is low. The proportion of marginal workers among women has gone up significantly and more so in the poorer regions. In addition, women workers appear to be more crowded into agriculture which is a low wage sector. This picture for women workers stands in contrast to that for men, whose work participation increases are more evenly distributed across the regions, whose proportion of marginal workers while higher than before, is still under 10 per cent, and who were less dependent on agricultural work by 2001. The fruits of the state's economic boom of the 1990s do not appear to have reached women workers, especially those from the poorer regions.

Some significant policy initiatives will have to be undertaken to address gender inequity. The state must evolve a strategic vision and plan of action for women, which in turn, must include budgetary support for women's development programmes in the department of Women and Child Development. *Stree Shakti*, for example, needs significantly larger funding for capacity building and vocational training. Programmes for women facing violent family situations also require additional resources. With women constituting nearly half of the state's population, their share in the budget too must increase. The government must introduce gender budget and audit immediately while strengthening the KMAY, which has deteriorated into number crunching in the absence of regular feedback about the quality of impact. A public education campaign against sex selection and violence against women must top the agenda. It is to be borne in mind that an enabling environment has been built up in Karnataka over the years. Gender sensitisation of key policy makers and service providers was first initiated by Karnataka, as far back as 1990 and the momentum needs to be sustained. A greater and more effective focus on gender mainstreaming through gender budgets, engendered Monitoring and Evaluation (M&E) instruments and other supporting mechanisms is required. Accordingly, state plans and budgets must be assessed according to agreed criteria of gender and human development. Indeed, interventions such as national missions on health

and urban renewal need to be implemented with a gender perspective.

Social groups

This HDR is unique in yet another way. This is the first SHDR to evaluate the human development status of the Scheduled Castes (SCs) and Scheduled Tribes (STs) in the state. The human development index of the Scheduled Castes (0.575) is higher than that of the Scheduled Tribes (0.539) but much lower than that of the total population of the state (0.650). The gap is -11 per cent for SCs and -17 per cent for STs. The HDI of the SCs and STs is closer to the HDI of the total population in 1991 revealing a significant decadal gap in human development. The greatest disparities are in education and income, with SCs being 15 per cent and STs being 20 per cent below the state income index in 2001 and 11 per cent and 21 per cent respectively below the state education index for 2001.

In the matter of gender equality as measured by the GDI, SC women are better off than ST women. However, there is a considerable difference between the state GDI average and the GDI for SC and ST women. As in the case of the HDI, the GDI values for 2004 for each index is closer to the state values for 1991.

The Report has brought into clear focus, the sharpness of the disparity between the Scheduled Caste and the general population along almost all human development indicators. The Scheduled Castes are heavily dependent on agriculture but own only 11.65 per cent of operational holdings, 83.25 per cent of which is un-irrigated; hence they derive only 15.4 per cent of their income from cultivation. More than half of all marginal land holdings are held by SCs. They are concentrated in the primary sector (78.83 per cent) where remuneration is low and their share of the secondary and tertiary sectors is poor. The literacy rate of the Scheduled Castes (52.87) is much lower than the state literacy rate (66.64 per cent). The crude birth rate is 21.8 for the state, which is equivalent to the estimated birth rate (22.0) for SCs. The crude death rate is 7.2 for Karnataka and the estimated death rate

for SCs is 9.12. The infant mortality rate for SC children is estimated to be 64.74 per 1,000 live births while it is 52 for the state.

The Scheduled Tribes are the most marginal of all social groups in the context of every socio-economic indicator. Their literacy rate (48.3) is the lowest for all social groups and female literacy, which is 36.6 per cent, compared with the state average (56.9), places ST women far behind a population that is, itself, disadvantaged to start with. Their performance in school and tertiary education again places them well behind other social groups. ST health status is alarmingly poor, having either stagnated or deteriorated. NFHS data for 1992-93 and 1998-99 shows regressive trends with the total fertility rate increasing to 2.38 from 2.15, the post-natal mortality rates to 21.9 from 18, the child mortality rate to 38.9 from 38 and the under-five mortality rate to 120.6 from 120.3. Only the neonatal mortality rate fell to 63.2 from 67.6.

Some state programmes have been conspicuously successful in Karnataka: housing, providing drinking water facilities and electrification of tribal and Dalit houses can be counted among policies that have seen effective outcomes. However, the overall picture is not encouraging and their health, education and livelihood profiles reveal them as the most disadvantaged sections of the population. Both the Scheduled Castes and Tribes are clustered in the poorer districts/regions of the state. Maximising coverage of these groups would result in visible improvements in the state's overall health, education and income indicators given the concentration of poverty among the Dalits and tribals. Policies to increase the access and retention of girl students will have to recognise the specific constraints that confront tribal and SC girls. They need more facilities at post-primary level to increase their access to education.

The health and nutrition status of the SCs and STs is largely shaped by poverty and their inability to access services. Their inability to pay for private healthcare also means that they will either use public health facilities where available or defer/forego medical treatment altogether,

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with disastrous consequences. The less developed districts are, not coincidentally, also the districts with many vacant posts, so that the outreach of health services is circumscribed precisely where vulnerable populations are most in need.

Programmes should be constantly monitored at design and appraisal stages to ensure that resources are not being cornered by/delivered to already privileged groups. A major problem is the lack of adequate and timely disaggregated data on the SCs and STs which needs to be redressed.

Spatial disparities

Regions: Spatial inequality is increasingly emerging as a major barrier to sustaining the country's many human development initiatives. Like several other Indian states, Karnataka is no stranger to the existence of disparities in the socio-economic development of its regions, a scenario that has its historical roots in pre-state formation days. As serious policy actions to redress regional imbalance were not immediately initiated after 1956, the socio-economic differences between regions and districts continued to harden so that by 1980-81, Bangalore Urban and Dakshina Kannada emerged as the most developed districts, followed closely by Kodagu, Shimoga, Dharwad and Belgaum, while the three Hyderabad Karnataka districts of Raichur, Bidar and Gulbarga surfaced as the most backward districts of the state. By 2000-01, the pattern of growth over two decades reveals a further congealing of the economic stratification of districts based on geographic location: Bangalore Urban, Kodagu, Dakshina Kannada, Bangalore Rural, Udupi, Mysore and Chikmagalur districts had a per capita domestic product that was higher than the state average with Bangalore Rural and Urban districts together generating a quarter of the state income. Bangalore City alone contributed about 22 per cent of the state income. The northern districts of Bijapur along with the Hyderabad Karnataka triumvirate of Bidar, Gulbarga and Raichur continued to be in the poorest quartile in terms of per capita domestic product.

In literacy, Dakshina Kannada (83.35) and Bangalore Urban (82.96) and Udupi (81.25)

districts are well on the way to matching Kerala's performance, while all four districts of the Hyderabad Karnataka region are below the all-India literacy rate and Bijapur which had a literacy rate higher than the all-India literacy rate in 1991, lost ground in 2001, and its literacy rate fell below the all-India figure in respect of male, female and total literacy levels. The education index and the infrastructure index indicate that school performance in terms of the dropout rate, test scores, gender equity and infrastructure in schools is better in south Karnataka, but the northern districts have made tangible improvements overall. In healthcare, the five northeastern districts of Gulbarga, Bidar, Koppal, Raichur and Bellary and two northwestern districts of Bagalkot and Bijapur have worse health indicators than the rest of the state. The state infant mortality rate (IMR) is 52 per 1000 live births, however, the southern districts perform better with an IMR of 50 compared with Bombay Karnataka (59) and Hyderabad Karnataka (60). The distribution of government healthcare facilities and personnel is uneven, with the result that the quality and reach of services are shaped by geographic location.

Disparities engendered by gender and caste intersect with regional imbalance to mould quite distinctively, the deprivation profiles of women and the Scheduled Castes and Tribes. The growing incidence of female poverty, which is visible across the state, is highest in Hyderabad Karnataka where the share of marginal workers among women went up from 14 to 39 per cent. Bombay Karnataka also saw a significant increase in the proportion of marginal workers among women. Most of these women are SCs and STs who constitute a sizable segment of the rural underclass. Female literacy levels among the SCs and STs are lowest in the northeastern districts.

Urban-rural differences: Regional differences in socio-economic development are one aspect of spatial inequality. The other is the sharp gap, especially in social infrastructure, between rural and urban areas. Various socio-economic indicators reveal that people in rural areas in the country have poorer access to sanitation, drinking water, healthcare and education services, and have



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fewer economic opportunities than their urban counterparts. The divide appears to be widening since improvements in rural areas have not been dramatic. In Karnataka, in 1996 for example, the rural IMR was 71 and the urban IMR was 40. In 2004, the rural IMR declined to 64 but the urban IMR decreased quite substantially to 24. Clearly, IMR is declining much faster in the urban environment with its many healthcare advantages in terms of quality, quantity and access whereas the reduction in the rural IMR is not satisfactory. NFHS-2 data shows that people in urban areas are likely to use health facilities more often than their rural counterparts: as many as 78.8 per cent of urban women have institutional deliveries compared with 38.5 per cent rural women. Mal and under-nutrition are also more acute among women and children in rural areas since urban women can afford a more balanced diet while rural women eat less fruits, eggs and meat. The Tenth Plan goal of 75 per cent literacy has been achieved in urban Karnataka where the literacy rate is 80.58 per cent but the rural areas with 59.33 per cent literacy are lagging behind. Government schools are quite rightly concentrated in rural areas, while urban areas favour a mix of the public and the private sector. Urban parents have the capacity to pay for 'quality' education, which is perceived as improving the life opportunities of their offspring. There is considerable disparity in the quality of schooling available to urban and rural children, which can lay the basis for inequity of life choices.

Urban Karnataka is doing better than the rural parts of the state in terms of facilities such as drinking water and sanitation. Only 18.5 per cent of rural households have access to drinking water within the premises compared with 56.5 per cent in urban areas. Over 75 per cent of urban households have latrines within the house while 82.5 per cent rural households lacked this facility. House ownership patterns, however, show a different trend. House ownership is high in the predominantly agrarian northern districts and it is below the state average in Bangalore Urban district.

What are the implications of spatial disparity for the HDI? There is a strong correlation between the economic development status of a district

and its HDI at least where the top and bottom ranking districts are concerned. Districts from both north and south Karnataka have shown a decadal percentage improvement in the HDI that is higher than the state average i.e. Bangalore Rural (21.15), Gadag (22.87), Gulbarga (24.50), Hassan (23.12), Haveri (21.57), Koppal (30.49), Mysore (20.42) and Raichur (23.48). Significantly, Koppal has the best performance and three out of five districts in the Hyderabad Karnataka region have seen very credible improvements in human development. However, there has not been a corresponding change in their rankings in HDI (which are low), since other districts have also improved/maintained their performance.

Another caveat is that while urban human development indicators may be higher than rural, the existence of disparities of income and access within urban centres is an increasing phenomenon and points to the need to tackle urban poverty with speed.

Service delivery, participatory and community based governance

Investing in human development is, to some extent, about the provisioning of funds, but merely spending money without addressing the subject of effective service delivery means there will be a tremendous wastage in human and fiscal terms. The issue is not merely 'how much' has been provided but 'how' it has been spent. Systems should be efficient, people-friendly and corruption-free. Human development, to be truly effective, must be people-centred and people-defined. Empowering people to decide their own development strategies is critical to providing participatory development. Building strong, democratic local bodies and vibrant civil society organisations in partnership with NGOs can create a self-sustaining environment for people-centred human development.

Governance

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Making the administration more people-friendly and efficient calls for an improvement in civil service management. This means the development of a professional civil service. Employees' skills and aptitudes must be matched with the work they perform. Performance must be rewarded and non-performance disciplined.

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takes cognizance of what people expect from the administration, and develops the capacity to fulfill their expectations. Governance reform in Karnataka has focused on system improvement, service delivery, financial management, accountability, transparency, and strong anti-corruption measures. The Government has initiated several measures to optimise the efficiency of service delivery and induct financial discipline. Citizen's charters are in place in all departments for better transparency and accountability, and the office of the Lok Ayukta has been strengthened to contend with corruption effectively. Admittedly, all these are steps in the right direction but much more needs to be done to create a sense of accountability and repel corruption in the delivery system. Absenteeism of government officials and jockeying for transfers to preferred destinations (in south Karnataka, and *maidan* districts to be more explicit) leaving many posts in the northern/*malnad*/coastal districts vacant mean that the brunt of the impact is borne by the poor who use government-provided services. The higher income groups invariably use private sector services in education and healthcare and consequently have little stake in improving the system. Lack of motivation and alienation from the poor results in a bureaucracy that is not accountable to the people it is supposed to serve. The Report uncovers the connection between high levels of teacher absence and poor learning skills of pupils or high IMR in districts with a large number of vacant posts of doctors and ANMs. Corruption means that resources are not utilised to serve the objectives for which they were earmarked. A World Bank study says that evidence suggests that gender inequality weakens a country's quality of governance—and thus the effectiveness of its development policies.¹

The government must develop an annual governance strategy and action plan and a governance strategy and action plan for each district. This would also support the reduction of regional disparities. Making the administration more people-friendly and efficient calls for an improvement in civil service management. This

means the development of a professional civil service. Employees' skills and aptitudes must be matched with the work they perform. Performance must be rewarded and non-performance disciplined. The *Sachivalaya Vahini* needs to be replicated in the districts. Grievance *Adalats* at the district, taluk and gram panchayat level could deal with local problems pertaining to land, food security, housing, health, education, public works, drinking water, sanitation, power, agriculture, and crime especially crimes against women, SCs and STs. Public-private partnerships which have started showing results need sustained encouragement.

Institutional reforms

Karnataka is a pioneer among Indian states in terms of the magnitude of the powers, functions and funds that have devolved to rural, elected local bodies, especially in governance and planning. Theoretically, devolution is underpinned by an assumption that service delivery is more efficient, effective and responsive to people's needs when decision-making takes place at the grassroots through a process that is both participatory and transparent. In Karnataka, policy initiatives have focused on the devolution of functions, functionaries and finances; ensuring equity through reservation in local bodies and authority positions for the underprivileged; and institutionalising community participation in governance and planning through gram sabhas and district planning committees.

Addressing the question whether decentralisation in Karnataka has empowered local governments to provide public services according to the preferences of their residents, brings us face to face with the need for more reform. Both the state and the PRIs are experiencing certain constraints: on the ground, the government has transferred functions and functionaries to panchayats, but the tight fiscal situation has restricted the devolution of funds to about 21.8 per cent of the state's expenditures or about 5 per cent of GSDP in 2001-02, most of which was non-plan. Plan expenditure was about 38 per cent in 2001-02 and 27.4 per cent in 2002-03. This gives panchayats little scope to plan development activities in accordance with local needs since, in most sectors, the resources were just

¹ *Engendering Development through Gender Equality* by Elizabeth M. King and Andrew D. Mason in *Outreach* Spring 2001.

adequate to pay the salaries of the employees and spillover schemes from previous plans and other salary and maintenance expenditures. Financial assistance to GPs until 2005-06 constituted only five per cent of the total district sector outlay and a little over 1 per cent of the state outlay. Distribution of resources to districts has been historically pre-determined and is rarely based on actual needs. One reason is that sanction of new facilities such as primary health centres or high schools or sanitation projects is determined at the state level, and not by the panchayats. This sometimes results in an uneven distribution of resources across districts. A disaggregated analysis of the outlay on 30 major schemes shows that PRIs have little autonomy in determining their allocation priorities. This suggests that the nature of fiscal decentralisation will have to change to enable PRIs to address area-specific needs in a more focused way.

A major complaint of the panchayat leaders, especially in GPs, is that the funds devolved are not commensurate with the needs of the people and monies sanctioned to them are not released in time to carry out development works. Untied grants to GPs have increased significantly over the years. Rationalisation of schemes and transfer of more schemes to PRIs must be combined with more autonomy.

The ZPs and TPs do not have revenue-raising powers and they merely channel resources received from the state government as salaries of teachers and health workers. GPs alone have taxation powers among rural local bodies, but they spend only six per cent of the total expenditures incurred by the rural local governments and thus, have a negligible role in providing social services. GPs also have a poor track on record of raising resources to supplement the grants they get from the Centre and the state.

Reservation in both elected bodies and in authority positions has brought a large proportion of first time/first generation representatives from hitherto unrepresented social groups into the local governance system, with significant outcomes for the socio-political process. Unfortunately, participatory decision-making through gram sabhas has not led

to a prioritisation of human development in the agenda. There are many reasons for this situation. One, participation in gram sabhas is not always as universal or regular as was envisaged and two, very often decision-making is guided by the panchayats which seem to prefer construction-oriented activities with high visibility to human development related projects, that have long gestation cycles.

Decentralised planning can become a reality only when state intervention in the planning process is minimised. The planning process should also move away from sectoral planning to integrated area planning. The PR Act provides civil society with adequate opportunities for participation in local governance but caste, class and gender hierarchies in rural society often prevent the underprivileged from voicing their needs. Building capacity in *vasati sabhas*, SHGs and other community based organisations is a prerequisite to ensuring that there is effective social audit of local planning and implementation. To encourage PRIs to prioritise human development goals requires more capacity building, inclusion of human development goals in district plans backed by funds and sustained monitoring of HD objectives. GPs should be encouraged to monitor a set of HD indicators every quarter. These indicators could range from increased school attendance, reduction in dropouts, child nutrition, total ANC, immunisation of all children, and monitoring unemployment. These actions would contribute significantly to improving HD outcomes in the state and in north Karnataka in particular. Increases in district plan outlays should not be distributed on a pro rata basis to districts. Instead, districts with poor human and economic development indicators should get more resources.

NGOs and civil society

A dynamic and socially aware civil society is a prerequisite for the emergence of an articulate and potent constituency for public financing and provisioning of basic social services for the poor and the underprivileged. It is also a vigilant watchdog against poor governance and corruption. In developing countries, however, where civil societies are often fragmented and divided by hierarchies, the marginalised lack opportunities to voice their demands. Empowering the poor,

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NGOs are responsible for ushering processes that have transformed development at the grassroots. Nowhere is this better exemplified than in the way NGOs have enabled self-help groups, especially women's self-help groups, to become powerful instruments of economic change and gender empowerment.

While it is often reiterated that human development is people-centric, it is not always people-driven because those who are most needy and whose human development indicators are low are unable to voice their demands.

women, the Scheduled Castes and Tribes, is a critical aspect of the process of enabling them to voice their basic needs.

The Report examines the role of NGOs from three perspectives: (i) while the state must perforce be the dominant provider of services to the poor, NGOs can, and do, supplement core actions in various sectors; (ii) NGOs are credited with bringing a participatory and empowering focus to development; and (iii) NGOs and civil society.

The Directory of Voluntary Organisations in Karnataka, which brought out profiles of 530 NGOs, shows that of the 530 NGOs surveyed the largest numbers are engaged in development activities, followed by social services and health. The majority work in central and south Karnataka leaving the north largely neglected. There is an increasing emphasis on community participation and NGO involvement in social sector service delivery. This may lead to greater accountability and local participation but the caveat is that it cannot always be assumed that all NGOs (or private agents) will be more efficient, participatory or gender aware than state agencies.

Many community based organisations in Karnataka such as village forest committees and tank users' cooperative societies were formed at the instance of government/donor agencies, with the result that they are often hierarchically managed and are dependent on government departments for technical and financial assistance. With the space for evolving into an independent, self-managing CBO being somewhat constricted, these bodies, not surprisingly, present mixed outcomes.

NGOs are responsible for ushering processes that have transformed development at the grassroots. Nowhere is this better exemplified than in the way NGOs have enabled self-help groups, especially women's self-help groups, to become powerful instruments of economic change and gender empowerment. Self-help groups represent the participatory, people-centred focus that is synonymous with the NGO contribution to development. The Karnataka

government sponsors at least 66 per cent of the nearly 200,000 SHGs in the state. *Stree Shakti* is the flagship development programme of the department of Women and Child Development. The programme has its share of successes and shortcomings. Yet, *Stree Shakti* has also impacted women's lives in a meaningful way by increasing their levels of self confidence and self worth. The groups have shown they have the ability to develop into vibrant CBOs and should be so encouraged.

Conclusion

It would be tempting to close this Report with the hope that Karnataka should break out of the category of middle ranking states in human development but for this to happen, many institutional and policy changes will have to take place as indicated above. The state must build on its strengths, which include satisfactory economic growth in the tertiary sector in the 2000s while it gears up to address areas of concern in human development. Providing additional resources even for human development is a challenge for Karnataka, indeed for almost all-indian states given their tight fiscal situation, but such a move is imperative to ensure that backward regions/districts better their performance and socially and economically underprivileged groups are enabled to broaden their life choices. At the same time, governance reform and greater financial and institutional support to local bodies and basic services in rural areas and for the urban poor are steps in the direction of ensuring that services reach those for whom they were designed: the poor and the vulnerable. The state is not the only stakeholder in the process. While it is often reiterated that human development is people-centric, it is not always people driven because those who are most needy and whose human development indicators are low are unable to voice their demands. In this context, NGOs have performed ably by initiating a development process that is grassroots-based and highly participatory in nature. Many community based organisations owe their existence to NGO action. In the final analysis, governments and NGOs perform best when they are answerable to a civil society that

is sensitive to the human development needs of the people. Civil society expresses its opinion through a multiplicity of organisations, which may or may not be formally structured. Some nascent civil society organisations which have taken birth

on account of state-NGO partnerships, such as self-help groups, have the potential to speak for the most marginal people and, if nurtured and given the space to grow, could become powerful instruments of social change.