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## Challenges and the Way Forward



Clearly the State has witnessed considerable advances across various domains of human development over the last decade. Economic growth and improvements in per capita incomes have been accompanied by increments in literacy levels across all districts. Access to tertiary education has improved remarkably. Significant reductions are also noticed in poverty levels during this period across all social and economic groups. Although gender and caste disparities persist, the report observes improvements in certain absolute indicators of women's well-being. However, as the introduction states, adequate policy attention is required to ensure that the gains made are secured and improved upon. The setbacks in the domain of health, detailed in chapter 5, are suggestive of possible slippages. Further, there are certain areas where the improvements could have definitely been better. In the rest of this chapter, some of the key challenges that the State faces in this regard and some relevant policy suggestions are made.

### **Spatial Disparities in Human Development**

To begin with, inter-district disparities in terms of income and human development between the First Human Development Report and the Second Human Development Report remain. Given the different parameters used for capturing human development across the two Human Development Reports, the ranking of districts, cannot be compared between the two time points. It is however worth noting that the set of districts that registered low levels of HDI in 2003 remain largely unchanged except for a few districts such as Thiruvallur, Kancheepuram and Krishnagiri. The fact that the bulk of the big ticket productive investments by the private sector has taken place in the greater Chennai region tends to suggest a strong case for State policy efforts to redress this concentration of economic growth. Thiruvallur and Kancheepuram, the two adjoining districts of Chennai that were relatively backward earlier, have witnessed considerable improvements in some human development parameters. Krishnagiri, another district that seems to have benefitted from investments in the Bangalore agglomeration, has gained significantly. While agglomeration economies are critical to generating positive externalities in terms of learning and generating economies of scope, there is sufficient evidence globally to suggest that high concentrations of growth also generate negative externalities, such as depletion of natural resources like water and pollution of various kinds.

Recent trends in urbanisation all over India and in Tamil Nadu reveal the rise of what is referred to as

census towns, i.e., spaces that are urban with regard to economic base, but still governed as rural habitations. The source of dynamism of these settlements has to be understood and used as a basis for formulation of policies that seek to decentralise urbanisation and industrial development. Similarly, there is a strong case for active promotion of regionally specific sectors. Agro-processing in districts with relatively better agricultural growth prospects, for example, can address the issue of employment generation and regional balances. While some efforts in this direction are evident, the reasons for some of them not taking off need to be analysed further and policy institutions re-oriented accordingly. The Government of Tamil Nadu has launched the State Balanced Growth Fund to address the issue of regional disparities in the state through targeted interventions in 105 most backward blocks in the State as well as wards in urban local bodies with slums. The targeted locations have been identified based on parameters such as health and education status, gender disparities, per capita income, poverty levels and unemployment. The Fund also seeks to create capacity in districts to monitor human development status at district and sub-district levels so as to ensure balanced regional development.

### **Gender Disparities in Human Development**

Despite considerable strides that the State has made in improving women's access to education, health and incomes, inequities persist. Importantly, districts like Ariyalur and Villupuram that are backward in terms of overall human development also rank high on gender inequality, indicating multiple layers of deprivation among women in these districts. Another important issue concerns unfavourable sex ratios. Although the overall sex ratio has improved in the State, there are some districts where sex ratios have declined. While some of these adverse shifts can be attributed to migration, the fact that five districts—Ariyalur, Cuddalore, Dharmapuri, Namakkal and Perambalur—have child sex ratios lower than that of the all-India average indicates the magnitude of this phenomenon. District-level interventions to address adverse sex selection practices that were launched in other districts earlier have worked to improve child sex ratios in such districts. There is therefore a need to move beyond district-specific interventions in this regard. The fact that all the five districts also rank low in terms of human development is a cause for concern.

A related challenge concerns the persistence of gender disparities in literacy attainments. Overall literacy levels have increased significantly and the gender gap which was higher than the national average until 1991

has now fallen to lower than the all-India average. However, six districts of the State—Salem, Erode, Krishnagiri, Villupuram, Ariyalur and Dharmapuri—register female literacy rates lower than the national average. Literacy rates among women in 12 more districts are lower than the State average, but above the national average. The fact that three of the six districts exhibit dynamism in terms of income and economic development points out the absence of trickle down processes at work. The challenge is therefore to design targeted interventions in this regard. While there are differences across districts in the extent of women's participation in the labour force, the extent to which this is an actual sign of women's empowerment needs to be understood through a more disaggregated analysis that takes into account class-based divisions. This report has not been able to address gender disparities across social and economic classes, which is essential to not only understand gender inequities in access across classes, but also to identify whether there has been equitable access to programmes and schemes.

Another critical source of gender-based differences in human development concerns wage differentials between men and women in similar sectors. While there is micro-level evidence to suggest that the National Rural Employment Guarantee Act (NREGA) has led to absolute increases in women's wages in agriculture, there are striking differences in the wage rates of male and female workers in agriculture across districts. Given that women's income security is critical to both women's welfare and overall human development, interventions in the labour market to reduce wage disparities are necessary. Moreover, given the informal nature of this employment, it is indeed challenging to design appropriate interventions. Understanding the limitations to women's mobility across sectors and spaces will be important to create awareness and/or openings for increasing women's wages in rural Tamil Nadu. Importance of awareness is particularly evident in shedding social norms that guide and inform perceptions on gender inequities. The fact that a majority of women in the State perceive domestic violence as a justifiable act shows not only the importance of social institutions in conditioning behaviour, but importantly on the need to incorporate such institutional norms in designing meaningful programmes for addressing violence against women.

An important dimension of gender-based vulnerability that the HDR has sought to highlight is the pervasiveness of female-headed households in the State, which fare a lot worse in terms of access to income and assets than other households. Fourteen per cent of total

households are headed by women where dependency ratios are higher than that for other households. Given that there are likely to be less number of income earners in such households, fluctuations in income will tend to be higher and hence vulnerability to economic shocks as well. The mechanisms for addressing social security requirements of such households across urban and rural Tamil Nadu will be different. The process of gender budgeting is yet to take off in the State. The classification of all programmes for women under the gamut of the Tamil Nadu Corporation for Development of Women reduces the reach of different sectoral schemes. There are several departments that do not have specific programmes to precisely address development requirements of women. A specific allocation of a certain budgetary amount under different departments, say 30 per cent, would ensure an equitable access under all schemes. There is a need to have specialised gender cells that research, document and bring to the attention of policy planners the emerging needs and issues of women. Thus, we must move away from a 'welfare' approach that confines women to being recipients of various beneficiary projects to an approach that allows women's voice and collective action to frame the contours of intervention.

In the domain of employment and poverty, the following issues emerge for policy attention.

### Employment and Poverty

Despite a slight revival in the growth of the agricultural sector in the last decade, the rate of decline in poverty levels among cultivators has not been high. Further, despite a fall in poverty levels among agricultural workers, a quarter of the agricultural workforce continues to be in absolute poverty. While agricultural wage rates have increased, poverty levels among agricultural workers continue to be relatively high. While a decline in quantum of employment maybe a factor, low labour productivity and/or an inability to convert to more productive employment in some districts too are critical aspects that need to be addressed. The presence of a well-functioning public distribution system (PDS) and NREGA has served to cushion the vulnerabilities of small and marginal farmers and agricultural workers. However, a case for growth linked poverty reduction and human development for those dependent on the agricultural sector cannot be overstated in a State where 35 per cent of workers continue to rely on agriculture. While uncertainty in agricultural incomes is due to both production and price risks, production risks emanating from reduced access to assured water supply is probably the most important factor in this

regard. Recent efforts by the government to support creation of farm ponds and also desilt tanks through the NREGA works need further support and expansion. The State has saturated its sources of surface water irrigation and large investments have been made in ground water recharge through various schemes. However, the drawal of ground water has exceeded its recharge in several blocks. The situation therefore highlights the need for optimal water management practices so that the need for higher agricultural productivity is addressed.

Interventions in marketing in the agricultural sector are as important as enhancing production. On the prices front, there is a need to reduce the number of intermediaries in agricultural markets but ensure that the services rendered by such intermediaries are provided efficiently through alternate mechanisms. Farmers' markets have worked well in some areas but not everywhere. Reasons for their non-functioning need to be understood and addressed. Importantly, as has often been noted, value-addition to agricultural produce continues to be low. Interventions in this area by linking up producers to processors and to larger markets are again critical. Given the mixed evidence of the benefits of contract farming in the short run, alternate models such as producers' cooperatives should be actively encouraged. Farmers' producer companies that have emerged recently in the State need to be strengthened and diffused more widely.

Simultaneously, there is a need for strengthening the real incomes of agricultural labourers through better access to social security provisions in the State and creating avenues for their transition to better employment opportunities in the non-farm sector.

### *Unemployment and Stagnation in Manufacturing Sector Employment*

Development theory has always privileged manufacturing as a result of its higher employment and other linkage effects. However, there is a growing realisation that manufacturing has not been able to generate as much employment in recent years as in the past. Nevertheless, there are sectors that are more labour-intensive, like textiles and other light consumer goods, which must be promoted. Importantly, efforts should be taken to ensure that firms in these sectors upgrade, i.e. move into more value-adding segments progressively with time. This will create conditions for better returns to labour. Furthermore, there is not enough emphasis on understanding the changing skill requirements in the ever expanding services sector on the one hand and the segments within services sector

that are more value-adding and labour-absorbing on the other hand. The extent to which the education and health sectors, for example, can generate productive employment and other linkages, and the institutional interventions required to enhance these linkages need to be understood. Steps in this direction will inevitably facilitate employment absorption. A sectoral approach to promotion of segments in manufacturing and services is, therefore, suggested.

Micro-level studies also indicate a mismatch between supply and demand for skills in the labour market in the State, especially among the formally trained. The phenomenon of the 'educated unemployed' has to be addressed in order to ensure that the investments made in education by households are matched by adequate returns. Part of the mismatch comes from poor regulation of standards of formal education, especially with regard to private sector tertiary and vocational education. Standards in both public and private schooling too appear to be wanting. A series of initiatives have been undertaken by the State to enskill the semi-literate to improve employability of the workforce as the Pudhu Vaazhvu Thittam case illustrates. It is in such a context that initiatives undertaken by the Tamil Nadu Skill Development Corporation to impart and augment skills among unemployed youth become critical. Sustainability and scalability of such initiatives should be given utmost attention.

In addition to the quantum of employment, there are concerns over the quality of employment generated in recent years. Although casual wage rates are one of the highest in the country and poverty levels have declined among those employed in this category, this is a segment that has been expanding and one where poverty levels continue to be relatively high. Even in the organised sector, other studies have pointed to a growing reliance on contract employment and casualisation of work. The insecurity of such employment contracts clearly militates against the tenets of 'decent work' that is seen as critical to the idea of inclusive development. Given the large-scale out-migration and in-migration of workers from and into the State, the governance of labour market arrangements becomes crucial. Governance should focus not only on human capital formation, but also on protecting the rights of labour. A simultaneous focus on skill development and ensuring employment security will enable the State to take advantage of its demographic dividend.

The Report also reveals issues that are specific to certain districts. For instance, low agricultural productivity does not correlate completely with high levels of

rural poverty, just as districts with high agricultural productivity do not necessarily have low poverty levels. Similarly, high levels of urbanisation alone do not secure better incomes for labour. The Report, therefore, makes a case for simultaneous engagement at several levels, namely sectoral, district and at the State level to tackle the problems highlighted.

### Health and Nutrition

Tamil Nadu's achievements in human development are in large measure due to its accomplishments in the domain of public health care and nutrition over the last decade. Importantly, the State's pioneering efforts in using the mid-day meals scheme to address the twin issues of enhancing access to education and better nutrition has been widely acknowledged. It also goes to show how social security measures contribute to improvements in human development and also human capital. The State has witnessed improvements across most parameters of health outcomes. However, spatial disparities continue to be observed, with considerable inter- and intra-district variations in infant mortality, maternal mortality and neonatal deaths. Not surprisingly, such variations are found to be tied to differences in access to public health services. More importantly, they are also tied to differences in and poor levels of nutrition and sanitation. The district-level human development reports can shed more light on blocks even within districts with relatively high HDI that have poor access to primary and secondary care services. This is, however, not to deny the need for overall improvements in State intervention in health care. For this, there is a need to ramp up both financial and human resources. While State spending in absolute terms has gone up significantly in recent years, its share in the overall State budget has stagnated at around four per cent. Given the growing capital intensity of modern health technologies, the need for improving the share of resources for health care in the total budget cannot be overstated.

A corresponding issue is the sector's high reliance on both quantity and quality of health care professionals. This is particularly true of primary and secondary care services. Although some efforts have been made in this direction recently in the form of fresh recruitment of medical and paramedical staff, shortage of personnel is found to exist at all levels. Skill shortages too can be noticed. There is a clear need for both broad basing and improving the quality of training. (Re) opening of training institutions for Village Health Nurses (VHNs) and other functionaries is an immediate requirement. Continuing to equip staff with new skills through

part-time training initiatives is important as well. Creation of new institutions needs to be backed by both adequate staffing and high quality of training by way of appropriately designed parameters for quality standards.

Another important issue that the report highlights is the decline in attention given to Health Sub-Centres (HSCs) and hence a need to focus on interventions made in spatial scales lower than that of the Primary Health Centres (PHCs). Even though the State's primary health care delivery system is held as a model for the rest of the country, intra-district variations in access can be addressed better through such scaling down of interventions. Such improvements to HSCs are also likely to generate positive spillovers in the domain of the primary health care system and further contribute to reducing the financial burden on care seekers. The State Balanced Growth Fund also seeks to improve the infrastructure of PHCs and HSCs in the most backward blocks.

Regulation of the burgeoning private health sector poses another challenge for sustaining and improving health outcomes in the State. Private investments may allow for introduction of frontier health care technologies. However, concerns of exclusion due to high costs, apart from quality issues, cannot be ignored, particularly in the context of a rapidly growing private sector and increasing costs of such health care. The introduction of a government supported health insurance scheme is noteworthy in this context. It is probably worth revisiting implementation of the Tamil Nadu Private Clinical Establishments (Regulation) Act, introduced more than 15 years ago. Alternatively, study of similar regulatory interventions in India and in other countries need to be taken up to ensure that private health delivery does not aggravate inequities in health care access. Along with such regulation, specific policy measures to ensure universal health coverage (UHC) within a decade should be initiated at the earliest.

Probably, the single most important issue with regard to the State's health and nutrition status is that of poor levels of sanitation. For a State with high levels of human development, relatively poorer access to clean drinking water and high levels of open defecation belie the State's achievements along other dimensions of human development. In fact, the State's open defecation rates are comparable with those of States with the lowest levels of human development in the country. Given sanitation's links to malnutrition and communicable diseases, the State has to give utmost importance to improving sanitation standards. While

access to water maybe an issue, there is a strong degree of path dependence that needs addressing through creation of awareness.

### Education and Skill Formation

As is the case with health and nutrition, even though the State has seen considerable improvements in access to education at all levels, there is definitely room for further improvement, especially in terms of quality. Among the challenges confronting this aspect of human development, increasing enrolments in secondary education is one issue that calls for attention. Given the large share of public schools in secondary education, this effort will clearly require further public resources. However, the report highlights possible avenues for a productive collaboration between the State and private and civil society actors through innovative institutional mechanisms within the ambit of the Sarva Shiksha Abhiyaan (SSA) and other such initiatives in order to address any shortfall in public resources. Apart from resource generation, community participation can also enhance awareness among households on the importance of investing in education. Moreover, such initiatives can also be very helpful in enforcing accountability of teachers and administrators of educational institutions. Although SSA seeks to provide opportunities for elementary education until the age of 14, a long-term strategy is essential to absorb extra students into higher education.

This is, however, not to deny the importance of investing more public resources into education. The parameters for evaluating quality should also go beyond mere improvements in TPR (teacher-pupil ratio) or the introduction of new information and communication based technologies for learning. Probably a key second generation reform of the education sector in the State involves designing institutions that address the accountability of the teaching community. There is also wide variation in the number of dropouts as well as in completion rates in elementary education across districts. The fact that some districts with high standards of living otherwise rank quite low in access to secondary education is a matter that demands further research and policy attention. The potential for enhancing involvement of the private sector, especially in upgrading the quality of education in government institutions, needs to be explored. The government can assume the role of a co-financier, regulator and a facilitator in the process. Standard setting and ensuring adherence of such standards is likely to constitute a key challenge for second generation reforms in the education sector.

In this regard, the role of local governments, such as *panchayats*, in governance and regulation requires greater attention.

Moving to the domain of tertiary education, private actors have come to dominate in the last two decades. While excessive regulation may stifle institutional initiatives, the proliferation of a large number of colleges and universities marked by poor teaching and infrastructural standards clearly require regulatory institutions that are far more effective than those operating at present. While recent efforts to ensure a degree of autonomy to both government and private institutions of higher education for curriculum development and related activities is a positive development, establishing appropriate institutions of public accountability is equally, if not more, important. Competition and the market mechanism may ensure a degree of consumer accountability. However, despite increasing competition with the rise of a large number of private institutions dedicated to higher education, spatial monopolies and lack of information on quality and infrastructure persist. Hence, incorporating appropriate governance mechanisms to maintain the quality of higher education, even as academic autonomy is ensured for such institutions, will be critical in the years to come. Another area of intervention needed is the provision of adequate financial and non-financial incentives for those seeking to enter the teaching profession in higher education.

### Social Security

It is well recognised that the State has one of the best social security nets in the country. Apart from its universal PDS and a well-functioning rural employment provisioning under the NREGA, Tamil Nadu has over the years initiated welfare measures targeted at specific population groups that are marginalised, such as the elderly, widows, deserted women, unmarried women, children, unorganised sector workers, transgender individuals, SCs (scheduled castes), STs (scheduled tribes), minorities and people with disabilities. Outcomes of such interventions are evident in the reductions made in poverty levels in the State over the last 10 years, as well as in the ability of these households to invest in education. Importantly, the contribution of such measures in dramatically reducing the incidence of child labour in the state must be recognised. The report has, however, identified a few areas that need strengthening and/or improvement.

While the State at present provides a monthly pension of ₹ 1,000 for old aged, widowed and destitute women,

efforts ought to be made to increase it, as often it may not constitute a subsistence income. In the case of the disabled, the State disability pensions insist on a minimum of 60 per cent disability as eligibility criteria for those who are physically challenged, and hearing and speech impaired (Government of Tamil Nadu, 2014, Citizens' Charter of Social Welfare and Nutritious Noon Meal Department 2014-15). The eligibility criteria could be reduced to 40 per cent disability (the State has reduced it to 45 per cent for those who are developmentally challenged under the maintenance allowance scheme) and should include psychiatric disorders as well, in line with the Government of India's PWD (Persons with Disabilities) Act. The government can have provisions for top ups in case of those with multiple deprivations like old age and widowhood, old age and gender, old age and SC/ST, disability and old age.

The government could also consider including female-headed households as a category for social security pension benefits, as the chapter on gender highlights deprivations faced by such households. Local self-government institutions can be encouraged to identify all elderly, widowed, SC, ST and PWD in their community, while being respectful of people's privacy. This would increase the coverage of schemes. Currently, the elderly, PWD, widows, etc., have to approach the government and submit several documents in order to be eligible for the pension, which imposes difficulties on these people. The insistence on several documents could end up encouraging corruption and hence, this should be reduced. The government can also consider expanding coverage under the social security schemes to make it near/quasi universal with well-defined exclusion criteria, as the BPL (below poverty line) criteria does not cover all the poor. The BPL criteria can thus lead to errors of exclusion and inclusion. For those sections who meet the exclusion criteria, the government can consider a contributory pension scheme. It would be worthwhile to undertake a cost-benefit analysis of administering a targeted scheme.

Despite several programmes targeted at improving nutrition and food security, the Report has highlighted the relatively higher levels of malnutrition and anaemia among pregnant women and babies. This foregrounds the need for nutrition education, awareness programmes, improvement in the status of women and provision of nutrient rich food through the Integrated Child Development Services (ICDS) and Puratchi Thalaivar MGR Nutritious Meal Programme (PT MGR NMP). It is pertinent to observe that the average per capita per day calorie intake in rural and urban Tamil Nadu was less than norm of 2700 kcal,

namely 2046 kcal in rural areas and 2135 kcal in urban areas (National Sample Survey Organisation, 2012).

Tamil Nadu is a State where nutrition interventions have been made within the State domain and not outsourced to NGOs (non-governmental organisations). It is critical to maintain State involvement, as achievement of public health goals are best undertaken by the State in partnership with the community. While the State government's health insurance scheme has provided people with options for inpatient treatment (medical and surgical) in government or private hospitals, caution must be exercised due to the involvement of the private health sector, which could lead to unnecessary surgical interventions as has been shown with RSBY in Chhattisgarh. The government should improve the quality of services in the public health sector, as people prefer private health care services mainly because of the perceived difference in quality and staff attitude.

In the context of the increased presence of inter-state migrant labour in the construction and service sectors in Tamil Nadu, the government should strengthen efforts to include these workers in the unorganised worker welfare board schemes. In addition, the enrolment of unorganised sector workers in the welfare board schemes should be increased. In the context of growing casualisation of employment, there is a clear need to considerably increase the numbers registered and mobilise resources so as to ensure comprehensive a social security net for those in temporary or casual work.

Despite its long history of provisioning social security, data collection mechanisms on coverage of various schemes ought to be improved. This can be critical not only for independent evaluations, but important also for rationalising the process. The Management Information System (MIS) that has been put in place in Tamil Nadu in the case of the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) and PDS, can serve as a model in this regard.

To sum up, the second HDR prepared by the State Planning Commission, Government of Tamil Nadu, has sought to map the improvements and achievements that the state has made in the various domains of human development and the challenges that remain. The state has emerged as one of the best performers in terms of most parameters of human development and is held as a model State in terms of poverty reduction and improvements in access to healthcare and education. In terms of the developmental goals



the State through the Vision 2023 document has set high standards of human development. The present challenges are primarily in terms of sustaining and steadily improving upon the current attainments. As the first chapter points out, growing integration with global markets tend to create new vulnerabilities even as it can create new economic opportunities. Such vulnerabilities in combination with natural shocks tend to quickly erode developmental gains if not backed by sustained state action.

In terms of eliminating absolute poverty which is fundamental to the State's vision, while a strong social security net has contributed considerably, the importance of quality and quantity of jobs to be created cannot be overemphasised. With a large share of youth accessing higher education in the State which in itself is an outcome of the State's emphasis on human development, it is imperative that the State focuses on creating quality employment in the near future. This is

tied to investments in appropriate skill development on the supply side and an integration of skills supply with labour market demands as the economy diversifies further into non-agricultural activities. The next important challenge to poverty reduction concerns relative poverty, especially between the rural and the urban and between those employed in agriculture and those outside agriculture. Improving agricultural productivity in a sustained manner, and backed by support in processing and marketing will be critical. Sustainable groundwater and soil management practices, and institutions that ensure such practices are to be an important component of such a strategy as the State moves into the next phase of consolidating and improving its gains. Differences in attainments across gender social groups too will have to be addressed. Relative stagnation in improvements along a few parameters in the domain of health and education too require policy attention.

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