
Breaking New Ground: Congress and Welfarism in India

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Introduction

The Congress party in the months leading to the 2004 general elections challenged the myth of the Bharatiya Janata Party (BJP)-led National Democratic Alliance (NDA) government's India Shining campaign with its new slogan, *Congress ka haath, aam aadmi ke saath* (Congress's hand (the party's electoral symbol) is with the common man). The 'India Shining' vs. 'Aam Aadmi' confrontation in the 2004 election highlighted an apparently widespread perception that the benefits of economic growth were simply passing too many people by. Voters rejected the idea of 'India Shining', supporting instead the Congress-led United Progressive Alliance (UPA) and its promise of inclusive development. Notwithstanding several other factors that may have influenced the outcome of the elections, the discerning assessment that a pervasive feeling of exclusion contributed to its surprise win in the election went on to shape the broad policy orientation of the UPA government (2004-09). This perception was the critical catalyst that effected a policy change facilitating the introduction of welfarist policies by the UPA government at the Centre which in turn had an impact on the positive verdict in favour of the Congress in the 2009 elections. This paper, basically, tracks the processes that paved the way for a radical shift leading to the adoption of a wide range of policies that reflect a social democratic flavour; it is not, however, concerned with the outcomes of these policies. Social welfarism played a decisive role in giving substance to the inclusive policies of the Congress government and the results of 2009 elections show that voters have given a mandate for the continuation of such welfare-oriented policies.

In 2004, the electorate rewarded UPA for its promise of pluralism and inclusion, while it rejected the BJP's politics of division and of exclusion.¹ The Congress-led UPA had won 222 seats in 2004 and was able to reach a parliamentary majority with the outside support of the 61 member Left Front, which in effect meant that it did not take on the responsibilities of governance but was able to exert substantial influence on central government policies. In the

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¹ On some of these arguments see Zoya Hasan, 'Bridging the Divide: Indian National Congress and Indian Democracy', *Contemporary South Asia*, Volume 1, Number 15, December 2006.

circumstances, the Congress was clearly pushed by the Left parties to launch and partially implement some pro-people policies; but it can be argued that the 2009 mandate was ultimately an endorsement of Congress welfarism, albeit under political pressure of the Left. To understand this, it is important to reiterate context in which the inclusive agenda of the Congress government was forged which was the BJP's defeat on the India Shining platform. This election was a battle over two different ideas of India, one inclusive and pluralist, the other exclusivist and homogeneous. The second idea lost out in that election. The BJP's rise to power represented the most potent challenge to the first model, which is closely related to the inspirations behind the freedom struggle and its progressive and modernist ideas (the BJP or its predecessor the Jan Sangh was not a part of this struggle). For the BJP the key issue was economic prosperity of the business elite and transforming India into a Great Power by 2020. Indeed, it allowed a small economic minority to prosper at the expense of the majority with disastrous political consequences from 1998-2004. Yet, the BJP, taken in by its own hype campaigned on the slogans of India Shining and Feel Good factor which it was convinced would pay the coalition rich electoral dividends. Its insensitive slogans backfired sharply. In 2004, the Congress-led UPA came to power with the understanding that growth had left behind both rural and urban India's toiling masses. It understood clearly that this inequality, particularly in opportunities, mattered hugely. It understood that India's polity was in the main secular and uncomfortable with communal politics. Much of this was reflected in the UPA's National Common Minimum Programme (NCMP) agreed to between the Congress and the four Left parties maintained that the NCMP would be the basis for its support. For its part, the Congress fashioned its idea of inclusive growth partly out of concern for the poor and partly driven by the need to distinguish itself from its principal rival, the BJP. In power from 2004 to 2009, the Congress government took tangible action to translate this idea into some concrete measures with an emphasis on expanding the consumption driven entitlements of the poor.²

These shifts have to be placed in the context of enormous policy changes that had taken place since 1991. The details of these policies that came to be adopted are well known, and need not be repeated here. Economic growth and improving production was given top priority as the both the NDA and UPA governments pursued economic policies to unshackle market forces. One key consequence is the growing influence of corporate sector and big business groups on the state which more and more acts in the interests of private players and the upper echelons of society and is getting rapidly integrated into the global economy.

² Siddharth Varadarajan, 'Political Logic of budget is that welfarism pays', *The Hindu*, 7 July 2009.

The last couple of decades have witnessed an increasing convergence amongst political formations over matters of policy: economic policy (including Left ruled state governments), foreign policy (barring the Left), security policy, issues of social justice and environment policy, at least at a formal level. Hence, central and state governments were unwilling to roll back neoliberal policies, many of which have been pushed through without much opposition or dissent. It was this convergence which explains the longevity of the neoliberalism and the remarkable continuity in economic policy-making.³ This despite the fact that five governments of varying political persuasions have come to power since the Congress government of Prime Minister Narasimha Rao initiated a paradigm shift towards market-led economic growth during its tenure from 1991 to 1996. For this reason, many commentators have noted that there were no longer significant differences between political formations which could influence leave alone swing electoral outcomes. What is more, the high levels of electoral participation witnessed since the democratic upsurge of the early nineties which intensified the participation of groups that suffer from social deprivation and exclusion has actually meant very little with regard to the policy paradigm because no matter which government comes to power there is stability and continuity in policies as these have been kept out of the democratic contestation.⁴

³ Prabhat Patnaik, one of the foremost critics of neoliberalism points out: The triumph of neoliberalism in India was never complete. The nationalised banks continued to remain state-owned; key public sector companies were not privatised; pension funds were not handed over to speculative finance capital; the currency was not made fully convertible; and the financial sector's holding of foreign assets, other than the foreign exchange reserves of the Reserve Bank of India (RBI), continued to remain minuscule. In short, the two interlinked and mutually reinforcing processes underlying neoliberalism, namely, the dismantling of the public sector and integration with global finance, remained arrested.' Time for Change', *Frontline*, Volume 26 - Issue 07: Mar. 28-Apr. 10, 2009.

⁴ These hitherto excluded groups refer to Scheduled Castes, Scheduled Tribes, Other Backward Classes and religious minorities. On this and the changing nature of political participation in India in the 1990s see Yogendra Yadav, 'Understanding the Second Democratic Upsurge: Trends of Bahujan Participation in Electoral Politics in the 1990s', in Francine Frankel, Zoya Hasan, Rajeev Bhargava and Balveer Arora (eds.) *Transforming India: Social and Political Dynamics of Democracy*, Oxford University Press, Delhi, 2000.

Shaping a human face to a neoliberal growth model

This argument was valid until the 2004 elections which marked a new trend not in evidence since the 1991 elections when the simultaneous rise of neoliberalism and identity politics trumped policy debates and put it beyond the pale of political and ideological differences.⁵ However, the central government that came to power after the 2004 elections quickly signaled a shift in favour of greater emphasis on redistributive policies which were shaped in response to the pressures of democratic competition and coalition politics. Even though scepticism is warranted given India's poor record of implementation of distributive policies, at the same time, we must not over-emphasise ideological convergence in policy making and, consequently, minimize the role that democratic politics has played in shaping the political agenda of the Congress government since 2004. Admittedly, there are areas of convergence between all the major parties and formations, especially in economic policy, but these too are not static or given. Here too the balance between economic and social policy can be shaped by socio-political forces, which in turn open up the possibility of democratic politics being able to shape public agenda.⁶ The experience of UPA with regard to the adoption of welfarist policies and an expenditure driven fiscal strategy demonstrates that a more balanced approach is conceivable under democratic and civil society pressure.⁷

⁵ The rise of neoliberalism in India can be dated to the beginning of economic reforms in 1991. As elsewhere, it means the rule of the market, privatization, deregulation and a cut back on public spending on social services such as health and education. Within India, the rise of identity politics acquired currency at roughly the same time mainly in the late 1980s and the early 1990s in the context of assertions of a range of identities, specifically identities of caste and religion. The more toxic brand of identity politics represented by the right-wing Hindu nationalists was highly influential during the 1990s culminating in the increased political support of the BJP and its coming to power at the Centre in 1998.

⁶ For a counter argument, see Mritunjoy Mohanty, '2009 Lok Sabha Election: a Storm in the Teacup?' <<http://tinyurl.com/p88>>

⁷ For a detailed assessment of the expenditure priorities of the UPA government and its resource mobilisation efforts over its five year term, from the perspective of the underprivileged sections of the population, see 'How did the UPA Spend Our Money: An Assessment of Expenditure Priorities and Resource Mobilisation Efforts by the UPA Government', Centre for Budget and Governance Accountability (CBGA), New Delhi, 2009. <<http://www.cbgaindia.org/>>

This shift in emphasis was clearly necessary because the benefits of India's economic boom of the past ten years did not percolate to the vast majority who are poor and disadvantaged. In the United Nations Human Development Index (HDI) of 2007-08, India ranked a dismal 128. India has fallen to 132 in the new rankings of the HDI for 179 nations in 2008-09. That is the worst ever grade on the Index this decade. The HDI figures since 2002 signal a steady decline in the nation's conversion of wealth into human development - even as the numbers of its billionaires and millionaires doubled and trebled. In reality, the 'paradox of India's new prosperity',⁸ has been the duality where the top twenty per cent of the population have done extremely well whereas the two-thirds of the country was lagging behind. Throughout the 1990s and the economy grew at a reasonably robust pace, rising to an average growth rate of 8 per cent between 2004 to 2008 since India became the tenth largest economy in 2004. Despite growth acceleration and impressive economic growth, disparities remain widespread; indeed there is evidence of widening inequalities along a variety of dimensions: city versus the countryside; across regions; and along class lines.⁹ The reports of National Commission for Enterprises in the Unorganised Sector (set up by the UPA government) point out, that though the unorganised sector workers account for nearly 92 per cent of the total workforce they have been completely bypassed even as the economy's growth rates have surged. The Report on the Conditions of Work and Promotion of Livelihoods in the Unorganised Sector comes to the sobering conclusion that 77 per cent of the population which means at least 836 million Indians subsist on Rs. 20 or less per day.

Yet, over the past decade there is too much preoccupation with growth and not enough was done to reduce the rich-poor divide. Besides, the single major problem with the growth process is that it is for the most part jobless growth. Services which have fuelled the impressive 8 per cent growth accounts for 55 per cent of GDP and formally employs just 2 million people, or less than 0.5 per cent of the country's labour force of over 400 millions (there are 190 million self-employed individuals primarily in the service sector).¹⁰ Unemployment, a perennial problem of the Indian economy has become more serious in recent years. This is especially true of rural unemployment, which grew at an annual rate of 0.58 per cent between 1993-94 and 1999-2000, which was far below the growth of rural population.¹¹ Agriculture has grown at just over two per cent and the share of agriculture has declined from about 60 per cent at the

⁸ Sunil Khilnani, 'Stop Marketing India as a Brand', *The Hindu*, 24 September 2009.

⁹ Atul Kohli, 'Politics and Redistribution in India', <<http://www.princeton.edu/~kohli/workingpapers.html>>

¹⁰ Saikat Datta, Anuradha Raman, and Arindam Mukherjee, 'A Ten Foot Trench, Rs. 14.50', *Outlook*, 9 April 2007.

¹¹ Prabhat Patnaik, 'On the Need for Providing Employment Guarantee', *Economic and Political Weekly*, 15 January 2005, p. 203.

time of Independence to about 19 per cent now. Nevertheless, the share of population dependent on agriculture is about two-thirds. Thanks to low productivity and inconsistent growth, agriculture is not a viable option for the majority of the rural population which has made livelihood a key issue for government intervention.

Although the growth model and ‘market optimism’ underpinning economic policy-making saw no change after the UPA government assumed power in 2004, it was accepted that there were serious distributional issues that needed to be addressed. It is in this regard that the UPA signaled a change of regimes as the government unveiled a slew of legislation which sought to ameliorate some of the inequality that the process of market-led economic growth generated. Within a few months of assuming office, UPA 1 (2004-2009) sought to shift the balance of policy with a focus on equity and inclusive growth as the centrepiece of several of its interventions. This shift is reflected in the Eleventh Five Year Plan (2007-12) which underscored the theme of inclusive growth and this was to become the trademark of the Congress government with regard to social and economic development. High on the government’s agenda of greater inclusiveness, therefore, were actions to address disparities in access to education, health care, water and other public services that are necessary for people’s well-being.

During its first term in office several new programmes and schemes were introduced and budgetary allocations for the social sector were increased as compared to the previous years. These include a step-up in public investment in agriculture and the debt relief programme for farmers. In terms of sheer number of policies and legislations, UPA’s focus on welfarism was unprecedented. This is evident from the eight flagship programmes established by the UPA government (Table 1).

Table 1. Spending on Poverty-Reducing Programmes since 2004 (in billions)

Programme Expenditure	
Bharat Nirman (a cluster of six infrastructure programmes)	Rs. 1,142,57
Sarva Shiksha Abhiyan (education, figures only to 2008)	Rs. 375,00
Mid-day Meals Scheme (figures only to 2008)	Rs. 206,25
National Rural Employment Guarantee Scheme (NREGS)	Rs. 440
Total Sanitation Campaign	Rs. 25,50
National Rural Health Mission ¹⁵	Rs. 200
Integrated Child Development Services (figs. only to 2008)	Rs. 160
Jawaharlal Nehru National Urban Renewal Mission	Rs. 79,08
Polio Eradication	Rs. 90
Total	Rs.2,718,4 (\$ 57.40 billion)

Source: *Times of India*, 3 June 2009.

The National Rural Employment Guarantee Act (NREGA), the Right to Information Act 2005,¹² National Rural Health Mission (NRHM) and Bharat Nirman were among the most important measures taken to transform the rural economy. In addition, the Unorganised Workers Social Security Bill 2008 which seeks to provide some health care, old-age pension and disability benefits to unorganised sector workers and to the Scheduled Tribes and Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006, that seeks to protect livelihoods and land rights of tribals and forest dwellers, was notified in January 2008. NREGA and the Forest Rights Act were unprecedented because for the first time any government recognised livelihood rights of the deprived.

Another key initiative was the decision to establish the Prime Minister's High Level Committee (popularly known as the Sachar Committee) to inquire into the socio-economic status of Muslims in the country. It was well known that decades of anti-Muslim rhetoric, everyday discrimination, and neglect by the government had brought about a situation of economic marginality for Muslims, and a huge deficit in education and social advancement compared to most other citizens of the country.¹³ The Sachar Committee Report found the most damning evidence of government neglect and discrimination against them at all levels of Indian society and by governments at the Centre and the states.¹⁴ It reported stark under-representation of Muslims and systematic evidence to show that they are an under-class on par with the lowest Hindu caste groups.¹⁵ The principal reason for the marginalization of Muslims has been the high level of exclusion from the mainstream employment sector. This Report has set off a public debate on Muslim deprivation and under-representation which has given impetus to a new way of looking at the relationship between minorities and development and the multiple grounds of inequality in India beyond caste. It helped the government to calibrate future initiatives and policies to incorporate Muslims into the economic and political system and to push for a nuanced debate on minorities that in the recent past largely revolved around perceptions, rhetoric and prejudice. Winning over a large and disaffected Muslim minority – the biggest minority in the world – was essential for the Congress party to regain its primacy in Indian

¹² Right to Information Act 2005 mandates timely response to citizen requests for government information. The Act provides a practical regime of right to information for citizens to secure access to information under the control of public authorities, in order to promote transparency and accountability in the working of every public authority.

¹³ Thomas Hansen, 'The India that Does Not Shine', ISIM Review, International Institute for the Study of Islam in the Modern World (Leiden), 19/Spring, 2007.

¹⁴ *Prime Minister's High Level Committee, Social, Economic and Educational Status of the Muslim Community of India*, Cabinet Secretariat, Government of India, New Delhi, 2006. The Committee chaired by Rajender Sachar, a former judge of the Delhi High Court, submitted its report to the prime minister in November 2006.

¹⁵ Ibid.

politics. Indeed, the implementation of social welfare programmes for Muslims over the past five years have gone a long way in marshalling support for the Congress.

New welfare initiatives for minorities include the Prime Minister's New 15-Point Programme which was recast to focus action sharply on issues linked with the social, educational, and economic uplift of minorities and provide for earmarking of outlays in certain schemes so that the progress can be monitored. Important new schemes include promotion of entrepreneurship with increased credit flows, national-level scholarships for students in professional and technical institutions, provision of basic amenities in selected minority concentration districts. There has been some increase in the budgetary allocations made by different ministries for minority welfare during UPA's tenure. The multi-sectoral development programme for minorities in 90 minority concentration districts remains the UPA's flagship programme for minority welfare. It was allocated Rs 9900 million in the Union Budget of 2009-10. Considering that the development of minorities rests largely on this flagship scheme, it needed more budgetary allocation. All in all, the UPA government needed to do a lot more to achieve the goal of inclusive development with regard to minorities.

Overall, as a percentage of GDP, social expenditure almost doubled during the period. Central government expenditures on social services, such as health, water supply, Scheduled Castes, Scheduled Tribes and Other Backward Classes came to 6.8 per cent in 2003-04; during 2004-09 it increased to almost 12.5 per cent.¹⁶

Table 2. Annual Expenditure on India's Poor (as percentage of GDP)

	Social Services	Rural Welfare
VIII Plan (1992-97)	0.67	0.32
IX Plan (1997-02)	0.83	0.27
X Plan (2002-07)	1.02	0.51
XI Plan (2007-12)	1.34	0.42

Source: Comptroller and Auditor General (CAG) Performance Audit of Union Accounts 2008.

Needless to say the huge step up in public spending on social welfare was made possible because of an exponential increase in the magnitude of direct tax revenue over the last decade. By 2009 government revenues had grown to more than four times since 2003. This enabled a fourfold increase in central government spending on social sector. Although social welfare spending has nearly doubled it is still less than 2 per cent of GDP, which is one of the world's lowest levels of such expenditure. Even the substantial increase in social

¹⁶ *The Times of India*, 28 March 2009.

expenditure was just not enough.¹⁷ An even greater increase in public investment to bridge the shortfalls in the provision of public goods was necessary. The persistence of low levels of human development is one of the paradoxes of India's development experience. This despite an estimated 90 state and central level schemes that provide various kinds of social security ranging from pensions for the elderly, widows, disabled and other vulnerable sections, sickness and injury benefits, and scholarships for socially and economically backward groups. However, the plethora of schemes reaches a fraction of the population that needs such support. In part this is because the present bureaucratic delivery machinery under which central sector schemes are delivered by hundreds of mutually insulated systems of delivery consumes the bulk of outlays.¹⁸

¹⁷ Arjun Sengupta, 'UPA has many promises to keep to India's poorest', *Deccan Chronicle*, June 1, 2009.

¹⁸ Mani Shankar Aiyar, 'Social Sector up under UPA', *The Times of India*, 28 March 2009.

Assessing the poverty alleviation programmes

All in all, the funds allocated to all the eight programmes was far short of what the NCMP promised on just health and education, amounting to 3 and 6 per cent of GDP.¹⁹ The Left parties lamented that the government failed to meet its obligations under the NCMP and the threshold for a NCMP. At this point, it is important to understand the dynamics of the UPA coalition and its uneasy relationship with the Left parties which exercised major influence over the policy priorities of the government. As noted earlier, this was because the Congress was critically dependent on Left support to carry on in government. The influence of the Left parties on the policy orientation of the UPA cannot be overestimated; nonetheless, it is important not to lose sight of the political perspective and strategy of Sonia Gandhi, President of the Congress party and Chairperson of the UPA. She was keen to restore her party's centre-left credentials. Most of all, she was eager to rectify an impression that the Congress was only concerned about the rich and powerful because these groups had after all gained from the economic policy paradigm shift begun by the Congress government. It was part of an all out effort to convince voters that the Congress party remains as dedicated as in the past to its central constituency, the underprivileged masses, even as the party today spends as much energy promoting the interests of the middle classes and big business in particular to increase economic growth and revenues. In addition, the Congress leadership was apprehensive that if they were not assertive on the policy front, the Left parties would take all the credit for any policy that benefited the poor. The Left persisted in deriding the Congress for supporting the neoliberal agenda while the Congress was quick to assume the welfarist mantle to its advantage. Not surprisingly, the Congress hogged all the credit for the social democratic policies of the UPA, whereas the Left which had all along pressed for these measures was left high and dry with no political credit coming its way.

Over the last couple of decades the rural economy, comprising around seventy per cent of the country's population, has

¹⁹ The NCMP was the basis on which the Left parties extended support to the Congress-led UPA coalition government at the Centre, which in 2004 had won only 146 seats, which was far short of a parliamentary majority.

faced a serious crisis. Its contribution to the national income declined sharply. Apart from the declining reliance on this primary sector, inadequate rural infrastructure entailing lack of access to markets, inadequate access to proper health care and education, and above all, shrinking opportunities to gainful employment and stagnating agricultural production and growth are other important reasons for the agrarian crisis. The UPA government when it came to power in 2004 promised policies on rural employment guarantee and other infrastructural development in the rural sector. Accordingly the UPA took a number of policy initiatives of which NREGA was the most important as it promises 100 days of employment to a single individual from every household. Noteworthy also, is the UPA initiative of rural infrastructure development named Bharat Nirman which covers rural housing, rural electricity connection, telephony, road connectivity, water and sanitation and expansion of irrigation capacity etc. The total expenditure on rural development increased from 0.58 per cent of GDP in 2004-05 to 1.2 per cent GDP in 2008-09. The bulk of this spending has been expended in creating rural employment and beneficiary driven programmes for rural housing.²⁰ Despite the significant rise in allocation, the performance of the programmes/schemes have been below par as utilization was poor in many states, particularly in case of Bharat Nirman, progress on targets set out to be reached is tardy as none of the targets have been fulfilled.

Enacted in 2005, NREGA was implemented in February 2006 in 200 districts. The passage of this legislation was clearly a major leap in the use of public policy and law as an instrument of social and economic change. Described as the 'the largest programme in the world for rural reconstruction', NREGA found pride of place in the President's first address to the Fifteenth Lok Sabha in June 2009.²¹ It is probably the biggest ever demand driven guaranteed public employment initiative anywhere in the world. It ranks as the most important economic contribution of the government to the well-being of a large section of the population and a means of reviving the depressed rural economy.²² This path-breaking piece of legislation acknowledges the fact that the state has an obligation to protect its people from unemployment and destitution, and this was indeed an important step towards ensuring some sort of economic and social security for the rural poor. Under NREGA, anyone who is willing to do manual labour at the statutory minimum wage is entitled to employment on local public works within 15 days or the state has to pay an allowance, subject to a limit of 100 days for a household in a year. As a result, employment in public works has risen to

²⁰ 'How did the UPA Spend Our Money', CGBA, op. cit.

²¹ *The Hindu*, 5 June, 2006.

²² Jayati Ghosh, 'Addressing Social Concerns', MacroScan, an alternative economic website, 10 March 2008, <<http://www.macrosan.com>>

unprecedented levels in several states resulting in a 'quiet revolution in many impoverished rural districts across the country.'²³

Table 3. Highlights of NREGS (in millions)

Employment provided to households	30.5
Total (Person days)	1,185.6
Scheduled Castes	355.3 [29,97%]
Scheduled Tribes	257.4 [21,71%]
Women	607.9 [51,27%]
Others	572.9 [48,32%]
Total works taken up	2.365
Works completed	0.500
Works in progress	1.865

Source: NREGS website: www.nrega.nic.in (as on 30 September 2009).

The NREGS is completely different from earlier government employment schemes in both conception and scale. In contrast to previous schemes, the NREGS treats employment as right. The rights based framework entails a legal guarantee of work unlike other programmes which can be withdrawn by the government at will. In this respect, it is a new-age legislation, which invokes the framework of legal rights to provide employment in rural areas and is intended to be demand driven.²⁴ The best guarantee of the realisation of these rights lies in organised demand on the part of well-informed workers. For instance, if workers insist on payment of minimum wages, depriving them of it will be that much harder. For this to happen, of course, workers have to be aware of their rights. Furthermore, it expects substantial participation of the local people in the planning and monitoring of the scheme.²⁵

Although this landmark employment programme is the most significant social welfare programme since Independence, it has had an uneven record of implementation owing to a large number of problems which is only to be expected with an ambitious scheme of this magnitude.²⁶ It is partly because the central government had been niggardly in transferring the relevant funds to the states and partly because of there were leakages and diversion of funds by some state governments. A recent survey found that NREGS workers had to put up with numerous infringements of their rights without being able to do much about it: lack of work, delays in wage payment, non-payment of minimum wages, absence of worksite facilities, to cite a few. Most of these irregularities remain unaddressed, often even

²³ Nirmala Lakshman, 'Employment Guarantee: Signs of Transformation', *The Hindu*, 11 May 2006.

²⁴ Jean Dreze and Sidhartha, 'The Battle for Employment: Flaws in the System', *Frontline*, Volume 26 - Issue 01, January 03-16, 2009.

²⁵ Ibid.

²⁶ 'How did the UPA Spend Our Money', CGBA, op. cit.

unnoticed. The persistence of corruption is another aspect of this lack of accountability.²⁷ One important aspect of the problem is the absence of clear remedies against infringements of the Act and lack of independent monitoring. Curiously, the NREGA talks the language of rights but there is virtual silence on available remedies when there is a violation of rights.²⁸

With all its problems of implementation, it is widely recognized that NREGS has the potential to transform rural economic and social relations at many levels.²⁹ This is because it fundamentally challenges the prevailing power structures.³⁰ Progressively, it is making a difference to the lives of the rural poor which is evident in the enthusiastic response of the local people, landless, marginal farmers and women workers in particular. In most states, the promise of 100 days of assured employment is still a distant dream yet employment generation is much higher than under earlier public works programmes. Moreover, where employment is available, the NREGA is having an impact: wages are rising, migration is slowing down, productive assets have been created, and the power equations are changing too.³¹

Not surprisingly, the Congress party made it a point to claim NREGS as a Congress initiative to counter the Left parties' claim that UPA's pro-poor thrust, especially the implementation of NREGS, was entirely due to Left pressure to change the direction of economic policy. Congress leaders, in contrast, were eager to highlight the importance of these welfare measures in the party's scheme of policies and to make the point that it was the result of a progressive emphasis in the party strategy and its economic philosophy. To bolster this argument, party spokesmen pointed to the Congress government in Maharashtra which had introduced the Maharashtra Employment Guarantee Scheme way back in 1977. Moreover, the party had promised at the All India Congress Committee (AICC) meeting in Guwahati in 2002 that it would enact an Employment Guarantee law if elected to power. Subsequently, this promise formed part of the Congress manifesto for the 2004 elections and was one of the key elements in the NCMP. And hence, Congress leaders insisted that the NREGS had less to do with the fact that the UPA-1 coalition

²⁷ Jean Dreze and Siddhartha, 'The Battle for Employment: Flaws in the System', op. cit.

²⁸ Ibid

²⁹ Jayati Ghosh, Making the Employment Guarantee Work, < www.macrosan.org >

³⁰ Jayati Ghosh, 'Equity and Inclusion through Public Expenditure: The potential of the NREGS', Paper presented at the International conference on NREGA, Ministry of Rural Development and Indian Council of Agricultural Research, (ICAR) New Delhi, 21-22 January 2009.

³¹ Jean Dreze and Ritika Khera, 'The Battle for Employment: The NREGA is making a difference to the lives of the rural poor, slowly but surely', *Frontline*, Volume 26 - Issue 01, January 03-16, 2009.

³¹ Ibid.

was dependent on the support of the Left parties for four out of the five years it was in office, and more to do with their own rethinking.³² In fact, to put their imprimatur on NREGS, barely a day after assuming office as the general secretary of the Congress party, Rahul Gandhi led a delegation of office bearers to meet Prime Minister Dr Manmohan Singh and urged him to extend NREGA to all the districts in the country. In a memorandum submitted to the prime minister, the delegation underlined the paradigm shift brought about by NREGA because it provides assured employment for 100 days to rural households. It stated: 'The key to this legislation is the word 'guarantee' which makes employment a right – something that people can expect, demand and enforce.'³³ Soon thereafter it was announced that the coverage of NREGS will be extended to all 596 districts (excluding urban districts) in the country by 2008-09. In addition, when the Act was legislated in August 2005, the finance ministry's allocation was Rs. 113 billion for 200 districts which was increased to Rs. 160 billion in 2008. The budget of 2008-09 reported a quantum leap to Rs. 301 billion. However, its supporters repeatedly point out that even this amount seems to fall short of requirements.

On the basis of these plans and policies the Congress could project itself as a social welfarist even a social democratic party, focused on the *aam aadmi*. Rural Employment Guarantee and welfare programmes such as Jawaharlal Nehru Urban Renewal Mission (to encourage cities to improve infrastructure and basic services to the urban poor) and Bharat Nirman or what has been called the 'NREGA paradigm' created not just much needed employment and income-raising opportunities for the poor, but also promoted 'the idea of a caring state which redistributes resources to the poor'.³⁴ This strategic intervention was clearly built on the frank admission by the Congress leadership that normal economic processes do not work in a situation of development deficit of regions or groups. This idea played an important part in strengthening the social democratic credentials of the Congress and these in turn helped the party in rebuilding its social base among the poor and deprived and in this manner advance its political fortunes.

³² Siddharth Varadarajan, 'Political Logic of budget is that welfarism pays', *op.cit.*

³³ *The Hindu*, 27 September 2007.

³⁴ Praful Bidwai, 'Aam Aadmi please, not India Inc', *Rediff.com* 23 May 2009.

The search for a wider social base

There are two issues related to this political agenda that are relevant to the present discussion. First, centrism marked by a strong social welfarist thrust was the hallmark of Congress's politico-economic management of UPA-1.³⁵ However, in implementing this social and legislative agenda, especially NREGS, the UPA faced serious resistance from conservative elements within the ruling establishment and outside the Congress and government, especially from the corporate sector and the pro-business press. It is here that Left support and its insistence on adhering to the NCMP played a critical part in pushing the Congress to make its implementation a priority and in the end deriving huge political benefits from it. The fact that the Left parties which strongly supported such a measure were not able to translate this effort into any substantial electoral advantage for itself is ironical (they got only 24 seats in the 2009 Lok Sabha elections). But this was largely because of its doublespeak, opposing neoliberalism at the central level and doing the opposite at the state level. The unsatisfactory performance of the Left run state governments, especially West Bengal, with regard to the implementation of these policies hampered the Left's ability to claim monopoly control over the social democratic space and political advantage that may ensue from it.³⁶ More specifically, its performance with regard to NREGS was very poor which greatly harmed it, whereas state governments that took it seriously and ran a decent programme gained from it.³⁷

Second, these issues assumed political significance as a result of mobilization by grassroots social movements, women's groups, trades unions, lower caste groupings and left and centre-left parties. In short, serious political mobilisation had to be expended to take this agenda forward. The national campaigns for rural employment guarantee and right to information exemplify the extensive mobilization and public pressure undertaken around these

³⁵ Siddharth Varadarajan, 'Political Logic of budget is that welfarism pays', op. cit.

³⁶ Deepankar Basu, 'The Left and the 15th Lok Sabha Elections', *Economic and Political Weekly*, Vol XLIV No 22, May 30, 2009.

³⁷ P. Sainath, 'Welfarist policies won the elections for parties in India', *OneWorld South Asia*, 16 June 2009.

issues. The umbrella nature of the UPA coalition and its links with several social movements meant that this mobilization could not be disregarded or overlooked as it provided a social underpinning to the UPA. It typically involved some dedicated groups, politicians, and activists who believed in the need for including rather than excluding. It shows how these campaigns interacting with the democratic political system shaped the development of NREGA after the 2004 elections had made it an important part of the national policy agenda.³⁸ Interactions and contacts between actors within the Congress party and actors in the activist network encouraged the development of guaranteed employment as a vital issue and played the most critical part in neutralising the resistance within the government to this radical idea. Activists campaigning for guaranteed employment and powerful members of the government, particularly Sonia Gandhi and the National Advisory Council she chaired, were critical actors in pushing through the change against opposition from other actors in the government. In general, leaders in civil society and politics shaped its progress, building coalitions between them to generate support for guaranteed employment.³⁹

Even as we recognize the significance of the policies introduced by the central government, it is important not to overstate the central government's achievements in this regard. One thing seems clear, however: the central government and state governments that stressed welfarist measures gained in the elections.⁴⁰ Inclusive public policy and a clutch of welfare measures persuaded voters that the UPA government had made serious efforts to provide them livelihood and inclusive development. Civil society organizations made much the same point: government's welfare initiatives were widely recognized and appreciated in rural areas.⁴¹ Polling data collected by the National Election Study conducted by the Centre for the Study of Developing Societies (CSDS) shows that beneficiaries were more likely to vote for Congress than non-beneficiaries who were more likely to vote for the BJP.⁴² The pro-poor programmes helped the Congress to gain an advantage of three per cent of the vote which can prove decisive in close contests.⁴³ This almost certainly produced an increase of seats for the Congress and its allies in several states.

³⁸ Ian Maclusan, 'India's National Rural Employment Guarantee Act: A case Study for How Change Happens. This case study was written as a contribution to the development of *From Poverty to Power: How Active Citizens and Effective States Can Change the World*, Oxfam International 2008. <<http://www.oxfam>>.

³⁹ Ibid.

⁴⁰ P. Sainath, 'Welfarist policies won the elections for parties in India', op. cit.

⁴¹ See Jean Dreze and Ritika Khera, 'The Battle for Employment: The NREGA is making a difference to the lives of the rural poor, slowly but surely', op. cit.

⁴² 'How India Voted', *Report of the NES 2009, The Hindu*, 24 May 2009.

⁴³ Ibid.

Ever since the Congress government began implementing policies designed to pursue the liberalising agenda of economic reforms, it has struggled to reconcile the contradiction between neoliberal economic reforms, which benefit the elite and upper middle classes, and its mass support among the poor who have been the losers in this process. This challenge has been complicated by two factors: (1) change in India's social structure from an elite-mass structure to one with a substantial middle class sandwiched between these two poles; and (2) the need of the Congress party to cater for a range of groups including business, middle classes, poor and the Scheduled Castes, Scheduled Tribes, Other Backward Classes, minorities and so on. In other words, a highly elitist apex, an assertive middle class, and a mobilized majority define the new political context in which the current drama of redistributive politics is unfolding. For sure, business groups, professional urban classes and well-healed bureaucrats exert a great deal of influence on the state and the Congress party. But the Congress was not a party of these groups alone. Yet, its capacity to draw wide ranging social support in the aftermath of market driven economic reforms depended on its ability to sharpen its focus on economic and political inclusion and thereby increase its relevance in rapidly changing circumstances. The fact that the Congress succeeded in doing so reflects the conscious efforts made by its leadership towards achieving a stronger integration of the party's social base with its programmes and policies. It also indicates a summoning of a greater ideological purpose and political clarity in terms of its approach to the social democratic agenda.

By privileging the political in the widest sense, the Congress attempted to reconcile the conflicting interests of the elites and the majority of the people by providing social safety nets to protect the marginalized from the adverse consequences of economic change. But it has clearly not abandoned the mantra of high growth as also more economic reforms. This twin emphasis on social democratic policies and economic reforms is the key to the party's endeavor to satisfy its mass base and middle class aspirations in India's changed political and policy environment. Arguably the Congress has begun to forge a new coalition of the middle classes and the poor.⁴⁴ This coalition is still a work in progress but is evidently different from the 'coalition of extremes' that defined Congress politics until the late 1980s, at least in North India, where its principal support came from the Brahmins, Scheduled Castes and Muslims.⁴⁵ The new coalition is not driven by identity politics of caste or community axes which indicates that Indian politics is moving beyond the confines of narrow

⁴⁴ Suhas Palshikar, 'Tentative Emergence of a Coalition', *Economic and Political Weekly*, 23 May 2009, Vol. XLIV, No. 21.

⁴⁵ Paul Brass, 'The Politicisation of Peasantry in a North Indian State: Part II', *Journal of Peasant Studies*, (8) 1, Oct. 1980, pp. 3-36.

identity and communal politics. This shift away from identity politics has to some extent helped in ushering in a more inclusive political agenda and bringing back the poor and their concerns onto the political agenda, which is particularly important in the context of the present economic crisis. Finally, the repertoire of good policies built up by the Manmohan Singh government may not have fully impacted on the people, but they signal the possibility that political pressure might be able to force the crafting of inclusive policies that work not only for the middle classes but also for India's urban and rural poor, for lower castes, for women, for Muslims, for tribal groups. It remains to be seen whether the state will continue to intervene in more supportive ways to protect the weak and whether this can be continued under UPA-2 (2009-) sans the Left push. But the space within which it could happen has been opened up.