

India: A Tale of Two Worlds

By Conn Hallinan | April 10, 2006

When India's Finance Minister Palaniappan Chidambaram presented the government's budget this past February, he trumpeted the country's vault into modernity. Economic growth is 8.1% and is projected to rise as high as 10% next year. India has completed its "Golden Quadrilateral," a multi-lane highway that links New Delhi in the north, Calcutta in the east, Chennai in the south, and Mumbai in the west. The collective wealth of India's 311 billionaires jumped 71% in the last year.

"Growth will be our mount," the Minister told the Parliament, "equity will be our companion, and social justice will be our destination."

But for India's rural and urban poor, the chasm between them and the wealthy only got wider and deeper. Last year, India slipped from 124 out of 177 countries to 127, according to the United Nations Human Development Index. Life expectancy is seven years less than in China, and 11 less than in Sri Lanka. Mortality for children under five, according to a United Nations Development Report, is almost three times China's rate, almost six times Sri Lanka's, and greater than in Bangladesh and Nepal.

Disconnect and Division

The divide is best summed up in a searing editorial by Palagummi Sainath, India's leading independent journalist. In an April 1 opinion piece in *The Hindu*, Sainath contrasts the two worlds that increasingly make up the second most populous nation on earth.

"Farm suicides in Vidharbha crossed 400 this week. The Sensex (stock exchange) crossed the 11,000 mark. And Lakme Fashion Week issues over 500 media passes to journalists. All three are firsts. All happened the same week. And each captures in a

brilliant if bizarre way a sense of where India's Brave New World is headed. A powerful measure of disconnect. Of the gap between the haves and the have-mores on the one hand, and the dispossessed and the desperate, on the other."

For more than a decade, the Mumbai-based journalist has criss-crossed India by train, bicycle and foot, chronicling the daily lives of the poor. He writes about people like Ganesh Bhimrao Thakre, a small farmer in Vidharbha who struck hard times. His daughter got cholera, his wife had an eye operation, and his son was forced to drop out of college for financial reasons. Desperate and unable to get a loan, he played Bhishi, a sort of Ponzi scheme where farmers pool money to try and win a monthly jackpot.

He lost.

So he committed suicide. Most farmers kill themselves by drinking pesticides. Thakre hung himself.

There are literally thousands like him in the countryside, where in states like Orissa, Jharkhand, Chhattisgarh and Bihar the "average" income is considerably below the national rural poverty line of \$650 a year. Stories like the death of Ganesh Thakre do not make Sainath a popular man in the corridors of power, where "India Shining" is the

Foreign Policy In Focus (FPiF)



slogan. The government is less interested in helping the poor, as it is increasing military spending and building a “blue water” navy.

India has launched a 30-year program to build a fleet capable of projecting power into the South China Sea and Indian Ocean. It has purchased Jaguar bombers from Britain and is negotiating to purchase 66 Hawk fighter-bombers for \$1.43 billion. The price of a single Hawk could supply a lifetime of clean drinking water to 1.5 million people.

Skewed Priorities

The new budget is a case study in skewed priorities.

Under the former right wing Bharatiya Janata Party (BJP) government, social support networks were systematically dismantled, and social expenditures declined from 22.9% to 19.7%. But the center-left Congress-UPA government’s budget is only marginally better. Social expenditures will rise just 1.2%. Education will jump a paltry 0.4%, and health funding will go from 4.4% to 4.9%. According to the Finance Minister, “Growth is the best antidote to poverty.”



Under the former right wing Bharatiya Janata Party (BJP) government, social support networks were systematically dismantled, and social expenditures declined from 22.9% to 19.7%.



The “growth” formula is the so-called “Washington Consensus” of open markets and foreign investment, which has accelerated the divide between rich and poor from Terra del Fuego to West Africa.

Latin America is presently in the process of dismantling much of the neoliberal “consensus” that dominated economic systems from Mexico to Argentina throughout the ‘80s and ‘90s

In India, “growth” has been restricted to a relatively narrow band of industries, like high tech. In the countryside, where 75% of the population lives, living conditions have worsened. A World Bank study in 2004 found that while the number of Indian millionaires rose so did the number of poor. According to a UN Development Report, inequality in India has grown faster in the last 15 years than in the last 50 years. The Report also found that rural poverty alleviation schemes generally ended up being used in the interests of the wealthy.



According to a UN Development Report, inequality in India has grown faster in the last 15 years than in the last 50 years.



In his searing book *Everyone Loves a Good Drought*, Sainath exposed how the elites manipulate rural aid to enrich themselves and impoverish small farmers. Wealthy landowners used government aid during a drought to dig wells so deep that they drained off the water small farmers were using. In exchange for water, the small farmers had to grow what the wealthy farmers wanted them to grow, generally export crops like cotton and rice.

Most small farmers quickly found themselves squeezed between low prices for their crops and high prices for seed and fertilizer. Many had no choice but to turn to the local *sahukar*, moneylenders who charge usurious rates of 60% or higher. “Banks don’t loan money to small farmers,” says

Sainath, “although you can get all you want to buy a Mercedes.”

In 1991, 26% of rural households were in debt. By 2003 that had jumped to just under 50%, although in some states, like Andhra Pradesh, four fifths of the farmers were in arrears. Tens of millions of small farmers ended up losing their land and became landless laborers. If they were lucky and had a union, they made \$1 a day. If they were not, they made as little as 33 cents a day.

In contrast, each of those 311 billionaires takes in about \$17.5 million a day.

As a share of its GDP, India spends less on health care than countries like Cambodia, Myanmar, Togo, Sudan, Guinea, and Burundi.

Since the government has cut back on irrigation aid and dried up most of the money for small loans, more and more farmers have little choice but to use the *sahukars*. The lenders—who many times are big landowners—forced many farmers to sign a document “selling” their land to the *sahukar*. According to Sainath, many times those documents are not torn up even after the debt is paid.

While some farmers who lose their land become agricultural day laborers, large numbers migrate to the cities in search of services and jobs. But services have been cut, and the jobs are mainly for the literate and the well schooled. In rural areas, 38% of males, and 57% of women are illiterate.

The miserly increase in health spending is particularly burdensome to the rural poor. Medical care is the second most common cause of rural debt, and

close to the 25% of the population do not seek medical care because they cannot afford it.

As a share of its GDP, India spends less on health care than countries like Cambodia, Myanmar, Togo, Sudan, Guinea, and Burundi. According to a UN Human Development Report, “Some of India’s southern cities may be in the midst of a technological boom, but one in every 11 Indian children dies in the first five years of life from want of low-technology, low-cost interventions.”

The medical situation is deepened by the food crisis that many Indians endure. A study by Professor Utsa Patnaik found that per person food availability is lower now than it was during the horrendous Bengal famine of 1942-43.

It is common for rural family members to alternate days when they eat. The result is that 46.7% of Indian children are underweight, and 44.9% of them are growth stunted. In comparison, in China—which also has a wide and growing gap between rich and poor—those figures are 10% and 14.2%, respectively.

It is common for rural family members to alternate days when they eat. The result is that 46.7% of Indian children are underweight, and 44.9% of them are growth stunted.

Ganesh Thakre’s wife, Rekha, told Sainath that the family had reached the point, “Where when we take our household wheat to the mill, we leave it there until we can pay the miller the tiny amount it takes to grind the flour.”

Urban slum dwellers fare little better. In the same week that the fashion shows and the stock market were doing well, almost 5,000 urban shanties were torn down in Mumbai.

“In the village we demolish their lives,” writes Sainath, “in the city their homes.”

Conn Hallinan is a foreign policy analyst for Foreign Policy In Focus (online at www.fpif.org) and a lecturer in journalism at the University of California, Santa Cruz.

Published by Foreign Policy In Focus (FPIF), a joint project of the International Relations Center (IRC, online at www.irc-online.org) and the Institute for Policy Studies (IPS, online at www.ips-dc.org). ©Creative Commons - some rights reserved.

Foreign Policy In Focus

“A Think Tank Without Walls”

Established in 1996, Foreign Policy In Focus is a network of policy analysts, advocates, and activists committed to “making the United States a more responsible global leader and global partner.” For more information, visit www.fpif.org.

Recommended citation:

Conn Hallinan, “India: A Tale of Two Worlds,” (Silver City, NM & Washington, DC: Foreign Policy In Focus, April 10, 2006).

Web location:

<http://www.fpif.org/fpiftxt/3186>

Production Information:

Writer: Conn Hallinan

Editor: John Gershman, IRC

Layout: Nick Henry, IRC

p. 4

www.fpif.org

A Think Tank Without Walls

