

**Working Paper 181**

**Welfare Policies and Politics:  
A Study of Three Government Interventions in Andhra  
Pradesh, India**

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## Abbreviations and Acronyms

AP	Andhra Pradesh
APC	Agricultural Prices Committee, the predecessor of the CACP
APCO	Apex body of the Cooperative Societies in AP
APL	Above Poverty Line
BPL	Below Poverty Line
CACP	Commission for Agricultural Costs and Prices
CC	Community Coordinators
CSS	Community Sponsored Scheme
DFID	Department for International Development (UK)
DPIP	District Poverty Initiative Programme
DRDA	District Rural Development Agency
DWCRA	Development of Women and Children in Rural Areas
FCI	Food Corporation of India
GAD	Gender and Development
GDP	Gross Domestic Product
GoAP	Government of Andhra Pradesh
GoI	Government of India
IAS	Indian Administrative Service
IRDP	Integrated Rural Development Programme
IMF	International Monetary Fund
ISID	Institute for Studies in Industrial Development (New Delhi)
MLA	Member of the (State) Legislative Assembly
MSP	Minimum Support Price
NABARD	National Bank for Agriculture and Rural Development
NGO	Non-Governmental Organisation
NIFT	National Institute of Fashion Technology, Hyderabad
NTR	N.T. Rama Rao, a film star and TDP politician (1923–1996)
ODI	Overseas Development Institute (London)
PDS	Public Distribution System
Rs.	Indian Rupees. There are about 70 Rs. in 1 UK pound
SGSY	Swarna Jayanti Gram Swarozgar Yojana, a cluster of all credit-cum-subsidy schemes
SHG	Self-Help Group
TDP	Telugu Desam Party
TPDS	Targeted Public Distribution System
TRYSEM	Training of Rural Youth for Self Employment
UNDP	United Nations Development Programme
WID	Women In Development
WTO	World Trade Organisation

## Executive Summary

This report is written as part of the Livelihood Options Study<sup>1</sup> of the Overseas Development Institute. It focuses on three different welfare policy areas, namely the government's response to the crisis in the handloom weaving sector, the Public Distribution System (PDS), and a credit scheme for women through self-help groups (DWCRA = Development of Women and Children in Rural Areas). The paper discusses the way in which these policies are operationalised in Andhra Pradesh (AP) in India, and investigates the various political aspects of these three policies. The ultimate purpose of the report is to inform ODI's ongoing research in the three districts in which it is working in Andhra Pradesh, namely Medak, Chittoor and Krishna.

The paper has three core chapters (2–4), each discussing one of these policies. Each chapter starts with a general discussion and contextualisation of the particular policy. It then discusses the operationalisation of the policies in Andhra Pradesh, before it analyses various political dimensions of the policy. Each chapter ends with a short summary that discusses the extent to which the policies have been successful. Success, obviously, is taken in a broad sense: referring not only to official objectives, but also to interests served and wider political or economic criteria against which one has to evaluate the particular policies. These concluding sections also suggest avenues for further research. The report concludes with a chapter (5) comparing and contrasting the politics of these three types of welfare interventions.

The second chapter discusses various policies that affect the welfare of handloom weavers. After agriculture, handloom weaving is the second largest employer in India, but the sector is experiencing a huge crisis. The number of weavers and handlooms is declining, and, more importantly, many handloom weavers face financial difficulties, often so great they result in suicides. This chapter not only concentrates on policies that are explicitly meant to enhance the welfare of weavers, but also on the national textile policy and on the policy to set up cooperatives in the handloom sector. This is because the latter policies have a much more important (and often negative) impact on weavers' welfare than the set of policies designed to help them or protect the sector. Two main issues are discussed regarding the politics of handloom policies. The first refers to the policy discourse and technological trajectories. The main problem faced by the handloom sector is that most handloom workers are unskilled, and that they produce coarse fabric for which there is no demand in the present-day international market. Thus recommendations involve the introduction of protective measures, training, export promotion schemes etc. and/or gradual reduction in the number of weavers. There is, however an alternative interpretation which reaches much further back in history. This emphasises the potentially high quality of handloom products, the subordination of indigenous spinning and weaving technologies to the needs of the colonial power and the effects of technological trajectories on the definition of what is good quality cotton. The second political issue that is discussed relates to the implementation arena, which is characterised by bureaucratic inertia, lack of accountability, political interference and relatively voiceless 'beneficiaries'.

The third chapter discusses food distribution in Andhra Pradesh. Of the three sets of policies discussed in this paper, food policy is by far the most expensive one, both for the Government of India (GoI) and for the Government of Andhra Pradesh (GoAP). The section on policy operationalisation discusses both foodgrain procurement and foodgrain distribution. In the 1990s, almost 40% of the rice produced in Andhra Pradesh was procured for the PDS. Andhra Pradesh has a more elaborate distribution system than most other states in India, the origins of which go back to the 1980s when the Telugu Desam Party (TDP) came to power, partly as a result of a promise to

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<sup>1</sup> See [www.livelihoodoptions.info](http://www.livelihoodoptions.info)

introduce a new food scheme, the “Rs. 2 per kilo of rice” scheme. The three political dimensions that are discussed relate to a) the fixing of procurement prices, in which farmers’ lobbies play an important role, but which are also determined by specific characteristics of the Indian political set-up, b) the populist character of the Rs. 2 per kilo of rice scheme and its effects on AP politics and policy discourse, and c) the way in which food distribution happens ‘on the ground’ and interferes with local social and political relations.

The fourth chapter deals with DWCRA. Although this is an all Indian policy, it has caught the imagination much more in AP than elsewhere in India, where 40% of all DWCRA groups are located. DWCRA groups in AP are basically thrift and credit groups. The programme has been taken on a campaign style, using a slogan ‘Save a Rupee a Day’, and making use of the mobilisation of women that existed already in the early 1990s as a result of the anti-*arrack* (country liquor) movement. DWCRA has received a lot of support from the political leadership. Three political aspects are discussed. The first relates to the way in which DWCRA (and microfinance programmes generally) help in integrating rural populations in global financial capitalism. What happens with microcredit programmes, it has been argued by some observers, is that the anti-poverty agenda is used to facilitate the introduction of policy measures that are basically meant to liberalise the financial sector. The second issue relates to the role that DWCRA plays in state politics, helping in the legitimisation of the ruling party and its economic reform policies. The third refers to the effects DWCRA has on women’s empowerment and civil society more generally.

The three cases discussed in this report are quite different, and the types of political issues discussed in the three core chapters are also dissimilar. The last chapter lists four general points that come out of this analysis. These relate to a) the wider, and even international, context of various policies, b) the conditions that make implementation of some policies more successful than that of others, c) the potentially empowering effects of welfare policies, and d) the role that populist policies can play in facilitating other social/economic/political projects. The chapter concludes with a discussion of research issues and methodologies, suggesting that there are different ways in which one can think of the *politics* of policies, and arguing in favour of doing research at different levels (local, district, State, Central, global), using insights from different disciplines and employing not only quantitative but also qualitative research methodologies.

## 1. Introduction

This report is written as part of the Livelihood Options Study of the Overseas Development Institute. The scope of this project is broad. It focuses on changing patterns of rural employment as well as on the ways in which government programmes for the poor are implemented and affect rural livelihoods. Research is conducted in Nepal, Bangladesh and in three Indian States, namely Madhya Pradesh, Orissa and Andhra Pradesh (AP). This report particularly focuses on the second component of the project, namely how poverty-related programmes filter down from design to implementation. Its focus is exclusively on Andhra Pradesh. Three policy areas are studied, namely the government's response to the crisis in the handloom weaving sector, the Public Distribution System (PDS), and a credit scheme for women through self-help groups (DWCRA = Development of Women and Children in Rural Areas). The ultimate purpose of the report is to inform ODI's ongoing research in the three districts in which it is working in Andhra Pradesh, namely Medak, Chittoor and Krishna.

All three policies are all-India policies, but in some cases the Andhra Pradesh State government or the particular characteristics of the AP economy and politics have given particular attributes to the policies. This is very clear in the case of the PDS. In the early 1980s, the then Chief Minister N.T. Rama Rao increased the scope of the PDS enormously, introduced some kind of targeting and added a State subsidy to the subsidy of the Government of India. Although the scheme he introduced – the so-called Rs. 2 per kilo of rice scheme – has been watered down to some extent, it is still very clear that the PDS in Andhra Pradesh is more beneficial to the poor than in many north Indian States, and that the attitude of the politicians and policy makers is also somewhat different. DWCRA is a more recent scheme, also implemented throughout India, but given more prominence in Andhra Pradesh than in other States. In the case of the welfare policies for weavers it is more difficult to identify a difference in AP, even though it is clear that the sector in AP is very much in crisis and that the number of weavers committing suicide is higher than elsewhere in India.

The three policies differ not only in content and target group, but also with regard to the financial allocations that are made. The public distribution scheme is by far the most expensive policy of the three. In 2000–1, Rs. 9,014 million (i.e. approximately £129 million) were spent by the AP government on the rice scheme. In the same year, the AP government spent around Rs. 41 million (i.e. £600,000) on the handloom sector and about Rs. 94 million (or about £1.3 million) on DWCRA. The allocations of the AP government to the rice subsidy (PDS) are in the same order of magnitude as its allocations to elementary education, and much more than what is spent on public health. See Tables 1 and 2.

In order to write this report, a literature search was carried out with the help of the ISID Research reference CD, which has indexed more than 80 Indian social science journals. A snowball technique was used to skim through bibliographies in search of relevant readings, and web searches were carried out for all the three types of policies. The focus was mainly, though not exclusively, on Andhra Pradesh. It transpired that little has been written on the politics of these policies. This was not an unexpected outcome. Generally, in India, it is economists who are concerned with public policies, sociologists and political scientists however, are much less interested in policies. The unfortunate result is that little is written about policy *processes* or the politics of public policies. The readings that were of greatest interest from a political point of view have been used in the three chapters that follow.

In addition to reading, interviews were carried out with experts, people involved in policy making and implementation and representatives of the 'target groups'. Interviews took place in all three districts in which the ODI Livelihood Project is implemented, with the assistance of ODI Research

Officers. Annex 1 contains a list of people interviewed in the context of this study. Observations of, and interviews with DWCRA groups carried out in another context (in Srikakulam, Vizianagaram and Chittoor) were also used in this report.

**Table 1 Expenditure on various social sector items in Andhra Pradesh (in Rs. millions, at current prices)**

	Rice Subsidy	Hand- looms	DWCRA	General Education (Elementary Education in brackets)	Medical and Public Health (public health in brackets)	Total Social Services
90-1	3757	16	9	9615 (4206)	2656 (459)	24926
91-2	3601	17	9	10921 (4512)	3012 (550)	27070
92-3	2547	18	9	12826 (5157)	3374 (615)	29911
93-4			55			29535
94-5	7663	22	431	16116 (6756)	4379 (833)	42055
95-6	11582	24	274	16338 (6859)	4759 (874)	46715
96-7	8201	27	354	18773 (7579)	6008 (933)	52160
97-8	6876	28	129	21000 (8582)	6823 (1041)	54739
98-9	8146	136	94	25890 (9327)	8181 (1136)	70557
99-00	10873	42		31178 (11998)	8688 (1352)	73317
00-1	9014	41	94	35779 (13659)	10133 (1525)	80338

Source: Explanatory Memoranda of AP budget for various years and Department of Rural Development, GoAP.

Notes: Total Social Services do not include DWCRA expenditures.

Between 90-91 and 94-95 the rice subsidy came under economic services and not under social services. The figures in the last column of this table, however, include the rice subsidy (and do not tally therefore with the figure in the source).

The DWCRA figures of 2000-1 include other programmes clustered under SGSY.

**Table 2 Expenditure on various social sector items in Andhra Pradesh, as percentage of total government revenue expenditure**

	Rice Subsidy	Hand- looms	DWCRA and other Rural Devt. Special Schemes	General Education (Elementary Education in brackets)	Medical and Public Health (public health in brackets)	Total Social Services
90-1	6.8	0.0	0.0	17.5 (7.6)	4.8 (0.8)	45.3
91-2	5.6	0.0	0.0	16.9 (7.0)	4.7 (0.9)	42.0
92-3	3.5	0.0	0.0	17.8 (7.2)	4.7 (0.9)	41.6
93-4			0.0			36.8
94-5	8.1	0.0	0.4	16.9 (7.1)	4.6 (0.9)	44.2
95-6	10.9	0.0	0.3	15.4 (6.5)	4.5 (0.8)	44.0
96-7	5.7	0.0	0.2	13.0 (5.3)	4.2 (0.6)	36.2
97-8	4.7	0.0	0.1	14.4 (5.9)	4.7 (0.7)	37.6
98-9	4.8	0.1	0.1	15.3 (5.5)	4.8 (0.7)	41.6
99-00	6.0	0.0		17.3 (6.7)	4.8 (0.7)	40.6
00-1	3.9	0.0	0.0	15.5 (5.9)	4.4 (0.7)	34.8

Source: Explanatory Memoranda of AP budget for various years and Department of Rural Development, GoAP

Notes: Total Social Services do not include DWCRA expenditures.

Between 1990-1 and 1994-5 the rice subsidy came under economic services and not under social services. The figures in the last column of this table, however, include the rice subsidy (and do not tally therefore with the figure in the source).

The DWCRA figures of 2000-1 include other programmes clustered under SGSY.



The outline of this report is very straightforward. The second chapter discusses welfare policies regarding the handloom weavers, and places these into a wider political context. The third chapter discusses the public distribution system. The fourth chapter is about the DWCRA programme and the politics thereof. Each of these chapters gives a general introduction to the policy and discusses the way in which the policy (policies) is (are) implemented. The chapters also discuss the important issues with regard to the politics of these policies. The concluding sections discuss extent to which the policies have been successful. Success, obviously, is taken in a broad sense: referring not only to official objectives, but also to interests served and wider political or economic projects against which one has to evaluate the particular policies. These concluding sections will also suggest further avenues for research. The report concludes with a chapter contrasting and comparing the politics of these three types of welfare interventions. It proposes a kind of framework of how one can look at the politics of policies more generally.

An important point to stress is that the fieldwork carried out for this report has been very limited and that, in order to get a more in-depth idea of the politics of the various policies, more serious fieldwork would be necessary. The literature is sometimes helpful, but as mentioned above, most studies focus on different aspects of the policies, and not so much on the political ones. The present report is therefore to be seen more as a starting point for further research than as an end product in itself.

## 2. Government Policies for Handloom Weavers

### 2.1 Introduction: A sector in crisis

The handloom sector is an important cottage industry in India. It provides employment for more than ten million people and is the second largest employment provider after agriculture. Within Andhra Pradesh there were approximately 171,660 handloom weaving families in 1986–7, and 213,404 working handlooms.<sup>2</sup> This number more than halved in the next decade.<sup>3</sup> The majority of weavers in Andhra Pradesh are full-time weavers and weave for the market. This is different in the north-east of the country, for instance, where weaving is often a part-time activity (Mukund and Syama Sundari, 2001; p. 47).

Most handloom weaving in Andhra Pradesh takes place in rural areas. It is primarily a household activity, with mainly men involved in weaving, and women and children involved in the preparatory work. More than 90% of weaving households own their own loom. Andhra Pradesh, therefore conforms to the conventional idea that weaving is primarily an artisan and home-based activity (Mukund and Syama Sundarai, 2001; p. 49). This is different in some other States, where a larger percentage of weavers live in urban centres and/or work as wage weavers. Most of the handloom weaving in Andhra Pradesh is cotton weaving, but there is also silk, wool and polyester weaving. The products vary from exclusive and expensive sarees to coarse materials. A relatively large percentage of the Andhra Pradesh looms produce for the export market. Export products include, for instance, the world-famous *ikat* fabrics.

Although handloom weaving exists in all districts of Andhra Pradesh, there are considerable differences between various regions within the State, with regard to numbers of weavers and looms, trends therein and products made. (See Sudhakar Rao et al., 1990, for a study on employment and livelihoods in seven very different weaving centres in Andhra Pradesh.) While Nizamabad district in Telangana had only 54 looms in 1995, Mahbubnagar district (also in Telangana) had more than 23,000. In all districts the number of looms in 1995 was less than in 1987, except in Vishakapatnam (with just over 5000 looms in 1995). The decline in the whole State over this period has been quite dramatic. In 1995 only 40% of the handlooms that existed in 1987 were still in operation.

There is also a huge regionally-specific product variation. *Ikat* is produced mainly in Nalgonda district (and silk *ikat* comes from Pochampally, close to Hyderabad). In some areas very exclusive products are made, for instance in Venkatagiri (Nellore District), where sarees are produced with real gold threads woven into the silk product. The names of the weaving centres or villages sometimes even function as a kind of brand name, because the same products are not produced elsewhere.

The fact that handloom weaving is a household-based activity and that most weavers own their own looms does not mean that the weavers work as independent producers. In principle, there are four types of arrangements. First, weavers can be truly independent, in the sense that they manage their own production and marketing. Such weavers are very rare in Andhra Pradesh (Mukund and Sundarai, 2001; p. 89). Second, weavers can be members of cooperative societies. The societies supply yarn to the weavers, and sell the produce. About half of the weavers in AP are members of cooperative societies. Third, the individual weavers can work for master weavers, who supply the inputs and sell the output. This is the dominant system in Andhra Pradesh. More than three quarters of the production comes from master weavers (Srinivasulu, 1994; p. 2332). Finally, there are some

<sup>2</sup> These are figures from the Census of Handlooms in India, 1987–8, undertaken by the NCAER. There was a census ten years later, but the results of that more recent census have not (yet) been made public. Quote from Mukund and Sundari (2001).

<sup>3</sup> Based on C.P. Chandrashekar (n.d., p. 9).

weavers who do not own a loom themselves. They are employed either by household-based weavers, or they may work in worksheds, run by cooperative societies or by master weavers.

The dividing lines between the various forms of organisation are fluid rather than rigid. Most weavers who are members of a cooperative also occasionally work for master weavers. They remain members of the cooperative in order to benefit from government subsidies or credit schemes, but they may supply more of their produce to the master weavers than to the cooperative. In several cases master weavers have even become office bearers in the cooperatives.

There is an apex body of the cooperatives in Andhra Pradesh, called APCO, the Andhra Pradesh State Handloom Weavers Cooperative Society. Primary cooperatives do not sell all their produce to APCO, but they are obliged to provide whatever the APCO demands (Mukund and Sundarai, 2001; p. 126), despite the fact that it has a huge backlog of debt to the primary cooperatives. In fact, this backlog is one of the reasons for the crisis in the handloom sector in Andhra Pradesh.

The income of most weavers is very low, and for many it is difficult to survive. According to Mukund and Sundarai (2001, Table 6.1), the daily earnings vary from around Rs. 20 to more than Rs. 150, but for most weaving households it is around Rs. 50, a monthly income of only Rs. 1500. This is about the same as the World Bank extreme poverty line, of US\$ 1 a day. The days are often as long as 14 hours. An earlier study of seven different weaving centres in Andhra Pradesh arrived at a similar conclusion. According to that study the per capita annual income of weavers families varied between Rs. 728 and Rs. 2,170. In 5 out of the 7 weaving centres, weavers were living below the poverty line (at that time set at Rs. 6400 for a family of 5 members) (Sudhakar Rao et al., 1990; p. 973–5).

In the recent past several weavers have committed suicide, because the distress had become too great. The most recent incidences of suicides were in 2001 in Sircilla (in Karimnagar district), and involved both handloom and powerloom weavers. This was not the first crisis leading to cases of suicides. Another major crisis occurred in 1991, and were been several subsequent incidences of suicides during the 1990s. There are no official estimates, but the weavers' cooperative societies estimated in 2001 that 300 to 400 weavers had committed suicide in the two preceding years.<sup>4</sup> The main reasons were unemployment and mounting debts of the weavers.

Suicides are one clear sign and outcome of the crisis in the handloom sector. The other major sign is the dramatic decline of the number of handlooms in the State. There are several reasons mentioned in the literature for the crisis in the handloom sector. First, there is the competition from the powerlooms. The importance of powerlooms has increased since the 1960s. In the middle of the 1990s, according to the statistics of the Ministry of Textiles, about 56% of the cotton fabrics was produced by powerlooms, about 36% by handlooms and the rest by mills. If other fabrics are also included, the percentages are 69, 23 and 8 respectively (Srinivasulu, 1996; Table 2). In reality, however, it is likely that the share of handloom production is much lower than these figures indicate, since a considerable quantity of powerloom production may enter into the statistics as produced by handloom.<sup>5</sup> (Srinivasulu, 1996; p. 3203).

One of the reasons behind the rise of the powerlooms and the decline of the handlooms relates to with changes in tastes. According to Goswami (1990, p. 2503), 'more and more people in lower and middle income groups prefer synthetics and blended cloth – which is another way of saying that

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<sup>4</sup> *Asia Times Online*, 20 July 2001. See [www.atimes.com/ind-pak/CG20Df02.html](http://www.atimes.com/ind-pak/CG20Df02.html)

<sup>5</sup> This happens, according to Srinivasulu (1996, p. 3203), because there are bogus cooperatives, floated by powerloom owners and/or with official connivance through the manipulation of statistics. As will be explained later in the text, there are many products that are officially reserved for the handloom sector, but which are (also) produced by powerlooms. Similarly, there is an obligation on spinning mills to produce hank yarn for handlooms, but a part of this is rewound and used by powerlooms. These reserved product, or the products made from rewound yarn, have to enter the statistics as produced by handlooms.

they do not prefer handlooms'. But at least as important 'is the cost disadvantage of the handloom sector, especially for sorts produced on powerlooms.' Goswami has compared the costs of production of various types of cloths on handlooms and powerlooms, and concluded that, for the most common handloom items, handloom production is about 22 per cent more expensive than compared with powerloom production. 'Given this disadvantage and the average consumer's preference for durability and lustre, it is not surprising that handlooms have lost out' (Goswami, 1990; p. 2504).

Although there is no doubt about the fact that the rise in the powerloom is an important factor in the crisis in the handloom sector, this fact alone cannot explain the problem fully. Low wages, for instance, also exist in the production of exclusive products that cannot be produced on powerlooms and products for which there is high demand. Furthermore, as Mukund and Syama Sundari (2001, p. 55) argue, in the State of Andhra Pradesh, there are not so many powerlooms, and often not in the regions in which handloom production has declined most.<sup>6</sup>

A second reason for the crisis is the poor performance of the cooperatives. Politicisation of the cooperatives is a major problem. According to Mukund and Syama Sundari (1998, p. 3328), the cooperatives have become

'...the conduit of patronage, since subsidies and other functional assistance are all routed through the cooperative society, which becomes the personal fiefdom of the president and other office bearers. (...) The result is that the financial assistance rarely reaches the weaver. The local power equations are such that the power of the master weavers enables them to secure the post of president to the cooperatives and they are then able to misappropriate funds on a large scale, virtually unchecked. (...) It is this political nexus which prevents the government from identifying non-working cooperatives which are able to siphon off a high proportion of the funds allocated to the handloom sector under government schemes.'

Another reason explaining the poor performance of the cooperatives is related to the control of the government. The management of the cooperatives is not left to the cooperatives themselves, but there are many government rules and regulations related to credit provision, wages and margins etc. Liberalisation is badly needed but not happening, as Jain and Coelho (1996) state (quoted in Mukund and Syama Sundari, 1998; p. 3328).

The failure of APCO, the cooperative apex body, is another factor explaining the poor performance of the cooperatives. Since 1992, APCO started to fall back on payments and since 1998, it stopped payments completely. To quote from the *Frontline*, one of the magazines in which the weavers plight figures regularly,

'According to a note submitted on February 7 (2001) by Handloom and Textile Minister Padala Bhoomanna to Chief Minister Chandrababu Naidu, since January 1999 APCO owes the primary cooperative societies Rs. 36.26 crores for the purchase of cloth and Rs. 10.32 crores for procuring yarn. As a result of these dues, and the interest of 8.5% on the loans taken from the district cooperative banks, most primary societies have collapsed.

APCO has been consistently defaulting since 1998 on its payments for the stocks procured. (...) When APCO does not pay up, the societies are caught in a severe bind – their working capital would drop, production levels would fall and the cash credit limit for the subsequent year would decrease.' (Asha Krishna Kumar, *Frontline*, 14–27 April 2001)

Third, and no less important, is the scarcity in yarn and dyes and the rise in their prices.

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<sup>6</sup> According to Mukund and Sundari (2001, p. 55), 'there are only 42,297 powerlooms in the entire State of Andhra Pradesh, as compared to 1.7 million in all of India, and between 400,000 and 450,000 in neighbouring Tamil Nadu'.

‘The supply of the major input in the handloom sector, hank yarn, has been inadequate, unreliable and erratic. It was primarily due to the steep increase in prices of yarn that the handloom industry had to taste four spells of crisis in the years 1984, 1986, 1988 and 1991’. (Abdul, 1996; p. 1384).

Between 1986 and 1990, the yarn prices increased by 50% to 130%. There was an immediate increase after the 1991 budget, and again an increase of almost 50% between December 1993 and March 1994 (Srinivasulu, 1994, Table 1). Due to the competition with powerlooms, the price sensitivity and high elasticity of the market, the increase in input prices cannot result in higher product prices and it is the wages that get squeezed.

All of these reasons for the crisis are related to government policies in one way or another, and it is therefore important to take a closer look at the various policies affecting the handloom sector and the welfare of handloom weavers.

## 2.2 Objectives and operationalisation

Although this report is meant to focus particularly on relief and welfare policies for weavers, it would be wrong not to mention other government policies affecting the welfare of weavers. It may be argued that these other policies have a much more important (and often negative) impact on weavers’ welfare than the set of policies designed to help or protect the sector.

There are three types of policies that affect weavers’ welfare directly or indirectly, in positive or in negative ways. First, the National Textile Policy, which determines the broad environment and prospects of the sector. Second, the policies of the government regarding cooperatives. Third, policies targeted especially at handlooms, meant to develop and protect the sector and enhance the welfare of weavers.

### *National textile policy*

Until 1985, the National Textile Policy aimed to restrict the number of powerlooms, in order to protect the handloom sector. Employment protection of the handloom weavers was one of the major purposes of the textile policy, and powerlooms were seen as detrimental to the handloom sector. It was estimated by the High Powered Committee (1974) that one powerloom could replace six handlooms and one powerloom worker would make 14 handloom workers jobless (referred to by Mukund and Syama Sundari, 2001, p. 30). From 1985 onwards, however, efficiency, productivity and competition between the three textile sectors (the mill sector is the third one) became important policy goals. In the words of Jain,

‘Protection for handloom against unequal competition from mills and powerlooms has hitherto been the cornerstone of our textile policy. This has been knocked out and with it any possibility of saving the handloom industry, with all its significance for rural employment (...). Not only all capacity restrictions have been withdrawn on mills and powerlooms but all conceivable financial, fiscal and other assistance has been offered to enable them to occupy the market rapidly, leaving little space for the handlooms except for some controlled space.’ (Jain, 1985; p. 1121)

The problem with the earlier policy, according to Jain, was not so much the policy itself, but its implementation. It was deliberately violated ‘by private profit-seekers and government’s own political and administrative elite and enforcement machinery’. The 1985 Textile Policy, in Jain’s

words (1985, p. 1122), meant that this killing of the handloom sector could take place in the open, and was no longer an offence (Jain, 1985; p. 1122).

After 1985, several new National Textile Policy documents were produced, but their thrust remained the same. Although lip service is being paid to the importance of the handloom sector in terms of employment and craftsmanship, protection of employment is no longer a major policy consideration. The latest National Textile Policy 2000, published by the Ministry of Textiles, makes it very clear that meeting global standards and withstanding international competition are amongst the main policy objectives (GoI, 2000).

The textiles sector is one of India's most important export sectors, with almost 27% of exports coming from textiles and clothing. It is, therefore, no surprise that the Indian government wants to stimulate it. One of the major GoI schemes for this purpose is the 'Apparel Parks for Exports' scheme. In 2002, the Andhra Pradesh government is involved in setting up such apparel parks, meant to boost exports of garments (not necessarily handlooms) and leather products. One such park, involving an approximate investment of Rs. 140 million, is planned close to Hyderabad.<sup>7</sup> Another one is planned in Vizag. Another policy measure is the intended modernisation of the powerloom sector. The GoI has planned to modernise 250,000 plain powerlooms to (semi-) automatic looms before 2005, and to induct 50,000 shuttle looms.<sup>8</sup> Both initiatives illustrate the importance given to boosting textile production and exports, but it is not necessarily the handloom weavers who will benefit.

The two main measures in the national textile policy meant to protect the handloom sector are 1) the reservation of a number of products exclusively for handlooms, and 2) the obligation on spinning mills that 50% of the yarn produced should be hank yarn meant for handlooms. Both policies are poorly implemented.

Initially, the Handloom (Reservation of Articles for Production) Act 1985 specified that 22 products were reserved exclusively for handloom production, but the number was brought down to 11 in the 1990s. Recently, in 2000, the Satyam Committee recommended abolition of the Act altogether.<sup>9</sup> In actual practice, it would not matter very much since reservation is not enforced seriously anyhow. Officially, reservation has to be enforced through the Directorate of Handlooms and Textiles, which has an enforcement wing. It is a well-established fact, however, that there is no effective control on the powerlooms not to produce products reserved for handlooms. According to one author, reservation is a dead letter.

'To the extent the reserved list consists of cloth that cannot be profitably woven on powerlooms, reservations are redundant. For competing items, reservations are not policeable. Given the size of India, it would not only need many more government employees but also unheard of doses of motivation to enforce product reservation.' (Goswami, 1990; p. 2504)

The Hank Yarn Obligation Order is also poorly enforced. Although 50% of the yarn production should be hank yarn, in reality it is only half of this. Moreover, a part of the hank yarn is delivered to the powerlooms and rewind. There is also a mismatch between the delivered hank yarn and the types that are required by handlooms. Since 1991, yarn is also increasingly exported. More than 85% of this yarn export is of the hank yarn type (Srinivasulu, 1996; p. 3203–4).

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<sup>7</sup> [www.apinfrastructure.com/apparelpark.html](http://www.apinfrastructure.com/apparelpark.html)

<sup>8</sup> Speech of Shri Kashiram Rana, Union Minister for Textiles, GoI on the occasion of inauguration of the 18th India International Garment Fair scheduled on 28th January 2002.

<sup>9</sup> See Srinivasulu about the Satyam Committee recommendations in *The Hindu*, 'A death blow to weavers?', 28.3.2000

## *Establishment of cooperatives*

The second important government intervention in the handloom sector is the establishment of cooperatives, which were seen as a much-needed response to the fragmented nature of the sector and the exploitation of the weavers by the master weavers. A large number of cooperatives were set up in the 1950s, and in the early 1980s there were more than 2000 weavers' cooperatives in Andhra Pradesh (Mukund and Syama Sundari, 1998, p. 3323). Because many were not functioning well, the government has closed some or merged them together. There are also many fictitious cooperatives, established for the sole purpose of gaining access to subsidies. At present the creation of new weavers cooperatives is prohibited and existing cooperatives can no longer take new members. Approximately half of the weavers are members of cooperative societies. APCO was established with the objective of solving two main problems, namely the scarcity of inputs (particularly yarn) and marketing of the output.

APCO and the primary cooperatives were the main institutional channels through which subsidies and credit reached the weavers, but in the recent past this has changed and several centrally sponsored schemes are now also open to weavers outside the cooperative fold. It is, however, more complicated to reach these weavers, and the Directorate of Handlooms and Textiles also seems to be more tuned to work through cooperatives than through other bodies.<sup>10</sup>

As mentioned above, there are many serious problems with the cooperatives in Andhra Pradesh and with APCO, and this has contributed to the crisis in the handloom sector. On the other hand, it is doubtful whether the sector would be better off in the absence of the cooperative societies. Although most cooperative societies have major problems and run into losses, there are also some which do well, have helped their members to market the commodities and have contributed to an upward pressure on the wages as paid by the master weavers. Mukund and Syama Sundari, who are very critical of the cooperative societies, nevertheless state that 'cooperatives should remain the major institutions in a decentralised activity for protecting the workers. They can ensure a better level of wages which also forces the traders to increase the wages that they pay to the artisans' (Mukund and Syama Sundari, 1998; p. 3331). A precondition is, however, that the societies would be allowed to function as independent economic enterprises and decision-makers, and would become much more autonomous from the government.

Recently, APCO has repaid a part of the dues to the cooperative societies, and at the time of writing this report, there was a proposal in preparation to restructure the cash credit repayment. In total, the cooperative societies owe the AP Cooperative Bank something like 100 million rupees.<sup>11</sup> This is the total sum of the cash credit that the societies have taken from the bank and could not repay because APCO did not pay them, plus the accumulated interest. The proposal that is being prepared is to convert the existing cash credit into a loan, to be repaid in ten years, and to revive the cash credit, so that, in any case, the cooperatives would be able to get some new working capital.

Another recent activity is to revive and modernise APCO with the help of a package developed by the National Institute of Fashion Technology (NIFT). The NIFT has carried out surveys of weavers and has worked on new and hopefully marketable designs. It has arranged links with large retail stores – Shopper's Stop, Pantaloon and Life Style. The package, it is hoped, would help APCO to adjust to the upper-middle class consumer market and to improve its financial situation. The costs, Rs. 400 million, will be shared by the Union and the AP State government.<sup>12</sup>

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<sup>10</sup> It was observed, for instance, that although the Workshed-cum-Housing Scheme (a Centrally Sponsored Scheme) is meant for both members and non-members of the cooperative society, the officials at the district level where fieldwork was carried out were under the impression that this scheme is meant for society members only.

<sup>11</sup> Information from the Directorate of Handlooms.

<sup>12</sup> *Business Line*, 10 May 2002.

### *Centrally sponsored and State sponsored schemes*

A third type of government intervention affecting the welfare of the weavers is the specific programmes and schemes meant to develop the sector or to protect the handloom weavers. The most important schemes are Centrally Sponsored Schemes (CSSs). These schemes are designed at the central level, granted by the Planning Commission, and implemented through State agencies. Some of these schemes are funded by the Central government for the full 100%, but there are also schemes that require matching grants from the State governments. Also in the latter case, they are centrally designed schemes, and the influence of the State governments on the content of these schemes is limited. Apart from the CSSs, there are also State schemes, which are fully designed and funded by the State governments. Andhra Pradesh has 29 of these State schemes, but to several of them no funds are allocated and they exist only on paper.<sup>13</sup> Almost all schemes are implemented by the Directorate of Handlooms and Textiles, which has a head office in Hyderabad and offices in all district head quarters.

One of the main Centrally Sponsored Schemes is the *Deen Dayal Hathkargha Protsahan Yojana*, usually called just Deen Dayal Scheme (for a description of these schemes, see GoI, 2001b). It was launched in 2000–1 and was actually a follow-up and merger of several existing schemes. It is meant to benefit both weavers within and outside the cooperative fold, and the main objectives are to help weavers to develop their products and to support them with infrastructure, training, equipment etc. In short, to prepare and integrate them better in a changing market environment. The scheme consists of many components, including:

- a) basic inputs (including financial assistance for enhancing cash credit of individual weavers, for looms, for training);
- b) infrastructural support i.e. financial assistance for cooperative societies or other organisations, on the basis of project proposals for setting up particular processing units;
- c) design inputs, in order to improve the design quality of the handloom products;
- d) publicity, advertisements etc.;
- e) marketing incentives, in order to make handloom products cheaper and more competitive and attract consumers to handloom products. There is also a provision for financial assistance for the apex cooperative bodies;
- f) transport subsidy, especially in the case of goods from the north-east;
- g) strengthening of organisations, in order to facilitate a restructuring of the main handloom organisations.

Various types of agents, such as the State Handloom Development Corporations, the apex cooperative body, the primary cooperative societies, self-help groups or non-governmental organisations can propose projects under this scheme. The first project proposals come from the assistant directors at the district level, but outside consultants are also hired in by the AP Directorate of Handlooms and Textiles to generate economically viable project proposals. The proposals are then screened at the State level (through a State level project committee), before they are sent to the Government of India for approval. This committee (the Secretary in charge of handlooms is the Chairman, the State Director in charge of handlooms is the Member Secretary) is also responsible for the implementation of the projects. Monitoring is carried out by the office of the Development Commissioner for Handlooms.

In 2002, the scheme had just been introduced, and there was little activity. According to one informant, this is due to the funding structure. Projects are funded by the Central government (25%), by the State government (25%) and through a loan from a commercial bank (50%). The

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<sup>13</sup> Information from the Directorate of Handlooms and Textiles, Hyderabad.



purpose of involving a commercial bank is to ensure that the projects are profitable. The bottleneck in project implementation so far is due to the fact that commercial banks are reluctant to agree to the proposals, because they are reluctant to take risks. The directorate now tries to overcome this deadlock situation by involving the Backward Caste Financial Corporation, which is a little milder in its credit appraisals.

There are different opinions about this attempt to develop the handloom sector through training, technology improvement and involvement of designers. Many weavers see themselves as skilled rather than as unskilled, and consider the government to be incapable of organising useful training programmes. Thus, the only advantage for such weavers to participate is the stipendium that is given during the course. Also Mukund and Syama Sundari (2001, p. 135) are quite critical of the attempts to modernise the sector through training.

‘... techniques are sought to be taught with little imagination or understanding. Because there is a large demand both within India and in foreign countries for the *ikat* fabrics of Nalgonda, tie and dye training workshops have been conducted in several districts. In Muramanda, the cooperative society said that they had had to accept the programme under pressure. ... The attempts to train weavers to produce furnishing fabrics with *jamdani* technique shows little understanding of the economics of the cost of production of such fabrics. ... it is doubtful whether any real market research has been undertaken as to the demand for these products or the colours and designs which would sell in different markets before conducting these training programmes.’

Within the directorate, however, this scheme is seen as one of the ways in which the government can at least do something to prepare at least some of the weavers for a global market and international competition. The most favourable scenario that some officials envisage is that 40% of the weavers will be able to adjust themselves to an international market and will be able to produce export-quality material. The remaining weavers have to be helped for the time being by offtake by APCO, and the idea/hope is that, gradually, the number of weavers will go down anyhow because the children of the present day weavers will seek alternative employment.

The main welfare schemes (all centrally sponsored) are the workshed-cum-housing scheme, the thrift fund scheme, the health package scheme and the group insurance scheme.

The workshed-cum-housing scheme is aimed at people who derive at least for 50% of their income from handloom weaving. The scheme provides for a subsidy as well as for a loan, and in most cases the loan-cum-subsidy is not enough, and the weaver will also have to make a contribution him/herself. According to one informant, this loan is never paid back by the beneficiaries. In Andhra Pradesh the scheme is implemented by the Department of Housing, with money that comes through the Directorate of Handlooms and Textiles. The first selection of beneficiaries is carried out by the cooperative societies, who prepare lists of candidates. The power to sanction projects should be delegated to the district level as much as possible (GoI, 2001b, p. 41), but in Andhra Pradesh this sanctioning takes place by the director of handlooms and textiles, which also monitors the scheme. Between 1995 and 2000, on average, an annual amount of Rs. 40 million was spent on this scheme. Approximately 75% of this came from the Government of India, and 25% from the AP government. On average 1645 worksheds were constructed every year, and 646 houses.

The Thrift Fund Scheme is a kind of provident fund. The principle is that the weaver contributes 8% of his/her earnings to the fund. The amount saved is then doubled (50% provided by the Central government and 50% by the State government). In principle, the scheme is for weavers who are members of a cooperative society, but, according to the official guidelines (GoI, 2001b) other weavers can also be considered if they organise themselves in groups. In Andhra Pradesh this is not happening. Admission is never a matter of right. It is the Director in Charge of Handlooms who is

the final authority regarding admissibility. The money is deposited in the bank, and the Director in Charge of Handlooms and textiles acts as the trustee of the (whole) fund. The government expenditure on this scheme is small – Rs. 37 million for the GoI between 1995 and 2000 (i.e. Rs. 7.4 million on average per year). Almost the same amount was spent by the Government of Andhra Pradesh. The amount payable to the subscriber of the scheme will be reimbursed when the subscriber has completed 25 years of payment/contribution to the scheme, when (s)he becomes incapable of working and contributing, or when the subscriber withdraws from the society due to old age.

Weavers included in the Thrift Fund Scheme are automatically covered by a group insurance scheme. The annual premium for a policy of Rs. 10000 is Rs. 120 per person per year. One third of this premium is paid by the beneficiary, one third by the Central government and one third by the State government. The scheme, which is administered by the Director of Handlooms and Textiles, is only open to members of cooperative societies. The beneficiary will receive the money when he reaches 60 years of age, in case of death before he reaches the age of 60, or in case of withdrawal/resignation from the cooperative society. Altogether about 40,000 weavers are included in this scheme and in the Thrift Scheme, which would mean that about half of the handloom weaving families is covered by insurance.

The health package scheme is meant to help weavers in case of health problems, some of which are related to their profession. The scheme consists of various components:

- reimbursements of costs of medicine, and treatment of diseases (T.B., Asthma, and inflammation of alimentary system), to a maximum of Rs. 1500 per weaver;
- reimbursement of cost of eye testing and costs of spectacles;
- supply of drinking water;
- maternity benefit for women in weaving households;
- payment of additional monetary compensation for permanent measures of family planning;
- infrastructure for primary health care.

All weavers are, in principle, eligible. The discretionary power to decide who is indeed a weaver, rests with the Directorate of Handlooms. In Andhra Pradesh, there has been a survey among the weavers, and weavers have been given photo identity cards on the basis of which they can make use of the health package scheme.

This health package scheme is funded by the central government only. The GoI spent Rs. 69 million on this scheme between 1995 and 2000. This means, an average of Rs. 14 million per year. No matching funds are required, but the State governments have to ensure an equal investment in accompanying costs. In Andhra Pradesh, this problem has been creatively solved by the involvement of many voluntary organisations, such as non-governmental organisations, the Rotary Club and the Lions Clubs, from which voluntary doctors have come forward to do the tests etc. The scheme is implemented in Andhra Pradesh through health camps, conducted once or twice a year.

These four welfare schemes are the most important ones of a long list of Central and State sponsored schemes. As previously mentioned, there are 29 State Sponsored Schemes. In 2000–1, allocations were made to 11 of these schemes, but expenditures were made only in the case of nine schemes. The total expenditure in 2000–1 was Rs. 145 million. This was 80% of the budgeted expenditure. The main State Sponsored Scheme is the Rebate on Sales of Handloom Products, which is basically a price subsidy.<sup>14</sup>

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<sup>14</sup> This information, as well as the earlier provided information about expenditures on the various schemes, comes from the Directorate of Handlooms and Textiles, Hyderabad.

To conclude, to a large extent, the Deen Dayal scheme and the various welfare policies do not address the main problems underlying the handloom crisis. Input prices remain high, compared to wages and earnings. As mentioned above, APCO is given some money to repay part of the money it owes the cooperative societies,<sup>15</sup> but the basic set-up remains intact and constraints on cooperative societies continue to exist. The Deen Dayal scheme is meant especially to help the more competitive sub-sector within the handloom sector, a sub-sector which, according to one informant does not require any help at all – it will do well anyhow and does not need NGO or government involvement. The welfare schemes are of some benefit, but the number of beneficiaries are small and the impact on welfare is little.

### **2.3 The politics of handloom sector policies**

There are two main issues to discuss regarding the politics of the handloom policies. The first one is a very fundamental one: how is the problem defined, and why. The second one refers to the implementation arena: how are the policies implemented in reality and who gets what kind of benefit.

#### *Power, policy discourse and technological trajectories*

Handloom weaving and related activities played a large role in the Independence struggle, and the stimulation of these kinds of activities was seen by many as a way in which rural India should develop: based on local craftsmanship, using local resources and catering primarily for local markets. The development of this kind of activity was part of a nationalist, and for some also Gandhian, agenda. The national textile policies of the first decades of Independent India all bear testimony to this history.

The great faith in a cooperative development dates from the 1940s and 1950s, when cooperatives came to be seen as the main vehicles for social and economic change. So, for some time after Independence, both the general textile policy and the policy to establish cooperatives were related to wider political ambitions and projects of nation-building and promoting social transformation and economic development.

As mentioned above, the outlook on the handloom sector changed fundamentally with the 1985 National Textile Policy. Although lipservice continues to be paid to handlooms, the sector has lost its special ideological position, and is now seen as an activity more or less like any other. That means it has to prove its comparative advantage in terms of productivity, prices and markets (and under the present conditions will often fail to do so).

The dominant view of the sector within the political and administrative establishment is now that, on the whole, handlooms are losing out. This interpretation can, for instance, be found in the Satyam Committee Report. The report itself is confidential, but a summary has been made public.<sup>16</sup> The report states that, ‘generally the handloom weavers remain tradition bound and are averse to change... For more than five decades, the poor handloom weavers remained spoon-fed through Government schemes and they continue to look up to the Government for anything and everything’. The main idea in this report is that the handloom sector consists of three tiers.

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<sup>15</sup> It is understood from information provided by the Directorate of Handlooms that APCO has repaid all labour costs (40% of the product cost) to the cooperative societies. The other 40% for material costs will be repaid in yarn (and not in cash – except in the case of silk). This has already happened in the ‘livery’ sector, but not in the ‘general varieties’. The livery sector produces simple cloth meant for uniforms etc.

<sup>16</sup> Quotes in this paragraph come from K. Srinivasulu, ‘A death-blow to weavers?’, *The Hindu*, 28 March 2000.

In the first tier are grouped the weavers 'producing unique, exclusive, high value-added items', in the second tier producers of 'medium-priced fabrics and articles from not-so-fine counts of yarn' and in the third tier those producing 'plain and low cost textile items'.

The assumption is that most weavers are third tier weavers, are therefore unskilled and able to produce only coarse fabric, for which, it is supposed, there is no market.

This interpretation of the problem, focussing on low skills, low-value products and lack of markets, is the dominant one. The recommendations that follow are either to introduce more effective protective measures, training, design schemes and export promotion and/or to gradually do away with the second and the third tier. The Satyam report, for instance, recommends that second and third tier handloom weavers should be converted into first tier weavers or into powerloom weavers. The National Textile Policy 2000 cannot be so rude, of course, and proposes various schemes. In reality, however, the net effect of government policies is a gradual disappearance of the handloom sector.

There is, however, an alternative interpretation of the problem, according to which the problems for the Indian textile industry date already from the colonial period, when Britain started to import cotton from India (see Prasad and Uzramma for more details regarding this historical process). Historically in India, before the advent of British colonialism, cotton production was very closely linked to cotton processing. This does not necessarily mean that the same caste groups were cultivating and processing, but it means that the two activities were both done locally and the needs and characteristics of one influenced the other. There were hundreds of cotton varieties; ginning was done locally by hand, and seed selection took place at the same time. Selection and improvement was directly related to the needs of the local spinners and weavers. Spinning was done locally, mainly by women, and weavers produced different types of cloth, depending on the cotton varieties, local traditions and craftsmanship. Different cotton varieties produce, of course, different cloth varieties. Some very fine types of cloth, like muslin, were made of a very short staple cotton variety. Other cloth varieties required a longer staple cotton, but generally, the length of the staple, today the most important criterion for judging cotton quality, was not important as such. In fact, it was sometimes considered 'a hindrance when cotton was carded with a bow, because if it was too long the staple had a tendency to wrap itself round the string of the bow' (Uzramma, n.d.; p. 5).

From the middle of the 18<sup>th</sup> century, America too became an important cotton producer, but initially the technological bottleneck was the ginning process, because the staples of the American variety were long. With the invention of the saw gin, this problem was solved and from the early 19<sup>th</sup> century American cotton was exported to Britain on a large scale. From then onwards, indigenous Indian cotton came to be seen as poor quality, because the fibre could not properly survive the baling process (necessary for shipping the cotton to Britain) and the saw gins. 'The saw gin injured the staple of Indian cotton. The problem of injury was unfortunately identified with the cotton instead of the machinery' (Prasad, 1995; p. 14). The same happened when the spinning machines were invented. They were made for long staple American cotton. With increasing spinning speeds, the machines required longer and longer staples in order to withstand the strain without breaking, and staple length became the main criterion for quality (Uzramma, n.d.; p. 6).

It is not that it was not acknowledged at that time that Indian yarn was actually of better quality than yarn made of American cotton. Prasad (1995, p. 13) reports of various investigations in the 19<sup>th</sup> century of the quality of Indian cotton, yarn and cloth. These studies showed that yarn made of Indian cotton was finer than the American yarn. This was not only related to the cotton itself, but also to the processing techniques. Cotton was spun by hand with a bit of moisture, which resulted in a very fine and strong thread. The spinning machines, on the other hand, produce a centrifugal force, and result in an unequal thread adhesion.

However, the machines started to dictate the conception of cotton quality, and a long staple became the most important quality criterion. Indigenous Indian cotton varieties are now almost no longer in use, and the once important link between cotton production, quality improvement and cloth weaving no longer exists. The cotton that is produced now suits the spinning and the weaving machines. From a handloom perspective, the cotton itself is of an inferior variety and the yarn is overspun. The quality of handloom products could be much better, i.e. in terms of durability, elasticity, dye-fastness, absorption etc., if this traditional link between cotton production and seed improvement on the one hand and local processing had not been broken.

It is obvious that this is a completely different interpretation of what ails the handloom sector. While the first interpretation sees the majority of the handloom weavers as unskilled and their producers of low value products, the second interpretation emphasises their (partly lost) skills and the (potentially) higher quality of handloom products. While the first interpretation takes the characteristics of the (international) market and the modern spinning and weaving technologies for granted, the second interpretation emphasises the subordination of an indigenous technology to the needs of the colonial power, the effects of a particular technological trajectory and the reconceptualisation of quality in this process.

The two interpretations lead to very different policy recommendations. From the second perspective, the various existing government policies make little sense. Rather, what is necessary to revitalise the textile industry, is a new and alternative set of research and policy initiatives, involving (see Prasad, 1995, p. 16–7):

- a redefinition of quality in terms of strength, lustre, durability, absorbency, ability to take dye etc., rather than yield, length of staple, spinnability and out-turn;
- the development of spinning and pre-spinning technologies that give the control back to the local producers;
- a more sustainable methods of cotton cultivation;
- a new direction for plant breeding, based on pure line breeding of desi cotton varieties, – rather than on hybridisation or acclimatisation of exogenous varieties;
- cotton research and improvements by farmer-investigators rather than in laboratories by specialists who are divorced from practice.

The dominance of one interpretation and the subordination of the other are, of course, in keeping with the balance of power among the main interests groups. Neither the handloom weavers nor the cotton producers are very powerful groups. The handloom weavers are not even properly represented in many policy discussions about the future of the handloom sector. The mill owners and powerloom owners (including those mill owners who have converted their mills for policy reasons into a set of powerloom units) are much more powerful, and it is this textile lobby that influences and benefits from the textile policies. Mukund and Syama Sundari (2001, p. 140), for instance, state that the policies are not only ineffective for the handloom sector, but ‘Worse, [they] could all be exploited by the rapidly growing powerloom sector’. (See also Srinivasulu, 1994). The interests of the master weavers are also well served by the idea that the future of the sector would lie in the further development of the high value products. According to Dastkar Andhra (n.d.), master weavers are generally ‘unwilling to diversify into volume trade, but look for higher profits in limited high value items’(p. 4).

The dominant view of what ails the handloom sector is challenged by a few scholars and by some people within the Andhra Pradesh NGO ‘Dastkar Andhra’. Perhaps some weavers and cotton producers would also agree with this alternative interpretation, but many tend to think in the same terms as the government – and therefore mainly demand more subsidies, a better implementation of the various schemes and a more vigorous enforcement of the Handlooms Reservation Act and the

Hank Yarn Notification.<sup>17</sup> It is in this sense that the policies not only work on the weavers, but also ‘through’ the weavers – a particular interpretation of the problem is reproduced in the day-to-day interactions between weavers, cooperative societies and officials of the Directorate of Handlooms and Textiles. It is in this sense that the National Textile Policy is a political technology. The policy provides a frame of thought that goes largely unchallenged.

In other words, the policy discourse seems to silence the voices of the weavers rather than to make them heard. The various policies work not only upon them but also through them. The net result, not only of the discourse, but of the whole set of existing policies, is the gradual disappearance of the handloom weavers. Their numbers have reduced substantially already and it is very likely that this will continue. In the absence of alternative employment, however, there is no option for many weavers. They become jobless and indebted and, as previously discussed, this has led to several cases of suicides. These suicides have triggered some responses from the AP government: the establishment of a high powered committee, increased funds to APCO, but none of this will really change the direction of the policies towards the handloom sector.

### *The arena of policy implementation*

The story of the implementation of handloom policies, is, unfortunately, very similar to the implementation of many other government policies in India. To a large extent it is characterised by bureaucratic inertia and lack of accountability, political interference and relatively voiceless beneficiaries.

Most schemes have their origins within the bureaucracy. They are uniform schemes, developed at the central level, and implemented all over India where there are handloom weavers. Hence it is not surprising that several authors stress the unsuitability and uselessness of many schemes. A case in point is the so-called Janata cloth scheme. According to Mukund and Syama Sundari (2001, p. 124), this scheme

‘...is again one of the programmes pushed through by a paternalistic government without any real reference to ground-level realities, with all-round negative results. The Janata cloth scheme was intended to provide employment to weavers outside the cooperatives and also to supply cloth at cheap rates to the poorer sections. At least in Andhra Pradesh, cooperatives were made to switch extensively to Janata cloth, which resulted in their becoming very dependent on APCO for procurement.’

The scheme has not succeeded in generating employment for unemployed weavers. On the contrary, the scheme contributed only to further deskilling because it made weavers shift to the production of low quality (and almost unmarketable) cloth (Mukund and Syama Sundari, 2001; p. 130–1). The scheme was abolished in 1996, but some activities continue, e.g. the production of material for uniforms to be procured by the government through APCO.

This case of the Janata cloth scheme is perhaps rather extreme (although for years it has consumed almost 50% of the total subsidy for the handloom sector), but the points it illustrates are not exceptional: lack of understanding of the reality of most weavers’ lives, uniform solutions for a diverse target group, in short, the launching of ‘schemes that fail to benefit weavers’.<sup>18</sup> There may be a real lack of interest among the policy makers, and the result is that, in the absence of a powerful lobby group of handloom weavers, other actors influence textile policies more. It may also

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<sup>17</sup> See Srinivasulu (1997, p. 1383) who also states that the perception of the handloom sector as obsolete is shared by not only the officialdom, but also by many handloom weavers’ organisations.

<sup>18</sup> See Ch. Rama Rao, ‘Schemes that fail to benefit weavers’, *The Hindu*, 14 July 1998.

be that some lower level officials do visit 'the field' now and then and do listen to the weavers, but mainly to the master weavers. One informant suggested that it is particularly the viewpoints of the master weavers which trickle down to the bureaucracy, as they 'can offer chairs and a cup of coffee' to a touring bureaucrat, and are therefore more visited than the handloom weavers themselves.

Schemes are designed at the central level and then implemented by the State Directorate of Handlooms and Textiles, and there is no possibility for feedback from weavers. In short, there are no accountability mechanisms, according to one informant. Dastkar Andhra (n.d., p. 7–8), writing about the handloom development centres, with quality dyeing units (now part of the Deen Dayal), states that

'There is no independent body monitoring the scheme, or assessing its impact, and there is no feedback mechanism either at the formulation stages, to assess the weavers' reaction to the scheme. There are also no mechanisms for course correction or to incorporate weavers' suggestions during the implementation of the scheme. No markers have been suggested to assess the success or failure of the scheme.'

There are several schemes for which individual beneficiaries have to be selected, such as the workshed-cum-housing scheme or other subsidy or credit facilities. The boards of the cooperative societies seem to play a significant role in listing candidates for the workshed-cum-housing scheme (although non-members are, in principle, also eligible). Generally for schemes with individual benefits, it seems that political influence in the selection of beneficiaries is important (and it would be very surprising if this was not the case). Some weavers told us that in their locality the support of the local TDP leader, who also happened to be a master weaver, was usually necessary to get a bank loan. The practice was that this TDP leader was then rewarded with a 'gift' of 10% of the loan (e.g. Rs. 2500 from a loan of Rs. 25000). If there was also a subsidy component involved (in the example a subsidy of Rs. 7500 and a loan component of Rs. 17500) the politician asked for Rs. 5000. According to the weavers who narrated this story, the local TDP leader would especially recommend people who were indebted to him already, which in practice means that a much larger part of the loan/subsidy accrues to him.

One of the problems with the cooperative societies relates to their politicisation. Cooperative societies are all linked to a political party. Often, several societies exist in the same locality, each linked to different political parties. In principle, there is nothing wrong with close relations between cooperative societies and political parties, but in practice this has a negative effect. Some local political leaders see the cooperative society mainly as a stepping stone for their political careers. Thus, their interest is not the well-being of the society or its members as such, but the political advantages they can gain through their involvement with the cooperative. In addition cooperative funds may be diverted to the political party and credit and other facilities may be directed especially to political clients. The cooperative societies often function as networks of political patronage.

Corruption seems to be pervasive. Although it is difficult to quantify this phenomenon, it is mentioned in the literature and also the weavers who were interviewed recounted several anecdotes of corrupt local politicians or bureaucrats. One interesting example related to a particular scheme of the government to subsidise sales of handloom products during exhibitions. What all the cooperative societies did, according to one interviewee, was to book all previous sales as sales concluded during the exhibition, thus a larger subsidy was accrued. The members of the cooperative society benefited only from the subsidy for the products really sold at the exhibition. The remaining income, allegedly, was for the board members, the political party or for 'expenses that cannot be booked anywhere'.

The handloom weavers themselves have little say in policy matters. There are a few handloom weavers' associations. The most influential in Andhra Pradesh is the AP Chenata Karmika

Samakya, an organisation that has existed for approximately ten years. It takes up local issues, mainly related to wages, but is also active at the State level, where it tries to table the lack of funds of the AP government for the handloom sector. There are probably two main reasons why this movement is not stronger than it is and why there is not more resistance from the handloom workers. Firstly that there is a strong caste homogeneity among the weavers. Usually both master weavers and weavers are of the same caste. Master weavers are not traditional traders, but also weavers therefore regarded by other weavers as ‘one of us’. Secondly, many weavers are financially completely dependent on the master weaver and therefore reluctant to become part of a movement that fights for higher wages.

### **2.3 Conclusions and research possibilities**

Finally the extent of the success of the various textile policies may be examined. This review is not sufficiently detailed for an in-depth analysis, however two points may be addressed. First, despite the various welfare policies, weavers remain poor and vulnerable, and their economic situation remains precarious. One can probably argue that the (negative) impact of the National Textile Policy on the welfare of weavers is more important than the (positive) impact of the various welfare policies. Second, perhaps it is possible to argue that the various kinds of policies are successful with regard to affecting a restructuring of the textile sector, more or less along the lines foreseen and predicted by the government. The effects in 10–20 year’s time remain to be seen, but it is very likely that the number of weavers and handlooms will continue to decline. On the other hand, as long as Indian women remain traditional in the sense that at marriages and festivals they will continue to wear exclusive silk sarees, the top segment of the handloom sector will continue to have a market niche. It is clear that the restructuring is bound to result in incredible hardship for the weavers, particularly because the various welfare policies do not provide sufficient compensation for loss of income and work.

The key question is, of course: is there an alternative? It is very unlikely that the overall direction of government policies is going to change. But whether there is an alternative outside the framework of schemes and subsidies is a matter for further research. As mentioned above, there is an alternative interpretation of what ails the handloom sector, and what would be the appropriate steps to revitalise it. Two significant issues that need further investigation are:

- technology and markets;
- conceptualisation of skills and self-perception of the handloom weavers.

The alternative vision, based on production of indigenous cotton varieties that are ginned, spun and woven in the same region by local (and artisanal) ginners, spinners and weavers, is interesting, but perhaps romanticised, and no longer realistic in the present era. The viability depends on whether there is a market for these local products (not necessarily a local market), and whether an infrastructural support system can be organised (provision of advice and necessary inputs to the people involved). The answers to these questions cannot be obtained without further fieldwork and pilot projects. The viability of this alternative can only be established through practical application of the concept through a small-scale pilot project carried out by an NGO or a group of primary stakeholders.

The conceptualisation of skills and the self-perception of the weavers would be significant to such an effort. Do they regard themselves as skilled, able and potentially independent, or as unskilled and dependent on government schemes and subsidies? The issue of skills, as we know since Braverman and the labour process debate, is a crucial one in the disciplining and control of the workforce. To what extent has the regional division of tasks (cotton production, ginning, spinning, dyeing, and



weaving) undermined the control of the primary producers over the labour process? Through what kind of mechanisms (in the past, but also in present-day policies) has there been effective deskilling, and disciplining of the weaving workforce? What has been the role of various technologies (including current technological changes, as pushed by the government) on the skills of the weavers, and on their self-image and involvement in political struggles?

Both these issues are politically relevant, and crucial for making changes in the policy process. The first issue should be addressed through a well-informed pilot study. The second should be subjected to research using an interdisciplinary approach, to address issues related to policy discourse, technology, labour processes and identity creation. An in-depth anthropological investigation combining participatory observation with interviews and discussions should be undertaken, applying insights into labour process theory in a non-industrial context in which the workforce is fragmented. Such research would have political relevance through the revelation of some of the conditions under which people start redefining their own place in society and possible involvement in making their own future.

### 3. The Public Food Distribution System (PDS)

#### 3.1 Introduction: Empty stomachs and full warehouses

Food insecurity is one of the most persistent problems in India. Despite the Green Revolution and several decades of food market interventions and food distribution programmes, there are still millions of people in India whose daily intake of calories is insufficient. Recently, the M.S. Swaminathan Research Foundation and the World Food Programme brought out a *Food Insecurity Atlas for Rural India*. We can learn from this document (p. 2–3) that

‘If we presume for the sake of argument that those who consume less than 1900 Kcal are hungry, then we can see the number of the hungry increasing from the Seventies to the Nineties, even though staple food production has reached record levels. The growth in the numbers of the hungry appears to outpace the growth in food production. The problem, which prevents them from being able to eat and digest more, is either that of affordability of food or health status, and not the problem of availability of food.’ (M.S Swaminathan Research Foundation and World Food Programme (2001).

Not only has the absolute number of hungry people increased, but also the percentage of hungry people has risen. ‘Their percentage went up from 5.7% in 1971–2 to about 7.2% in 1983 and to more than 13.9% in 1993–4 in rural India’ (ibid. p. 3). Food insecurity is very unevenly spread over the country. There are huge regional variations in the rate of cereal deficiency/surplus, consumption, and energy deficiency. Two States, Punjab and Haryana, produce considerable surplus. Kerala, Gujarat, Maharashtra, Bihar and Jharkhand are highly deficient in cereal production whilst Andhra Pradesh is moderately deficient (ibid. Map 2.1). In Kerala, Tamil Nadu, Karnataka, Gujarat and Maharashtra, between 15% and 30% of the population consumes less than 1890 Kcal per day, and in Andhra Pradesh, between 11% and 15% of the population consumes less than 1890 Kcal per day (ibid. Map 3.2). Due to different access patterns in the various states, a better health care system in the southern and western states of India and other factors, this low per capita intake does not automatically translate into energy deficiencies. One can find the highest percentages of chronic energy deficiency (between 52% and 60% of the population) in Gujarat, Madhya Pradesh, Chattisgarh, Orissa, West Bengal and Karnataka. In Andhra Pradesh, the percentage of the population that suffers from chronic energy deficiency is between 45% and 52% (ibid. Map 4.2). Looking at all indicators together, Andhra Pradesh is characterised as a moderately food insecure State, whilst extreme food insecurity can be found in Madhya Pradesh, Bihar and Jharkhand (ibid. Map 5.2).

The Public Distribution System is one of the major attempts of the Government of India to address the issue of food insecurity. The origins of the Indian public food distribution system can be traced back to the Second World War and the Bengal Famine in 1943, when the colonial government felt the need to develop a food policy for the country. Over the years the system expanded enormously, in area covered, in quantity of foodgrains handled and in costs involved. A major breakthrough came in 1964–5 with the establishment of two institutions: the Food Corporation of India (FCI) and the Agricultural Prices Commission (APC) (now Commission on Agricultural Costs and Prices – CACP). The former is a large parastatal trading corporation responsible for procurement, storage, transport and distribution of foodgrains. The latter advises the Indian government on pricing policy for agricultural commodities. Since the mid-1960s, PDS serves several objectives simultaneously, namely a) to cope with emergency situations, such as droughts; b) to distribute food at fair prices to vulnerable people; and c) to guarantee remunerative prices to farmers (Mooij, 1999a).<sup>19</sup>

<sup>19</sup> Apart from foodgrains, the PDS also includes sugar, kerosene, sometimes edible oil and occasionally even sarees and dhotis. Since these commodities are much less important and essential – from the perspective of the politics of PDS and its impact on welfare– this paper focuses only on foodgrains, that is rice and wheat.

The PDS is, therefore, a parallel distribution system, in the sense that it exists parallel to the open market. For decades, the whole system has been based on domestic procurement, and not on imports. The Government of India procures foodgrains in areas with surplus production. The prices are set at a level attractive to farmers. In this way, the PDS has been instrumental in raising foodgrain production in the country. Between 1993 and 2000, annual procurement of rice and wheat varied between 18.11 million tonnes in 1995–6 and 33.62 million tonnes in 1999–2000. In 1999–2000 this quantity was about 20% of the rice and wheat production and 41% (in the case of wheat) and 45% (in the case of rice) of the total market supply (Thamarajakshi, 2001; Table 3).

**Table 3 State-wise distribution of PDS foodgrains, poverty and food insecurity**

States	Average annual lifting* of PDS foodgrains (1986–1996) (thousand tonnes) <sup>a</sup>	Per capita distribution of foodgrains 1993–4 (kilos per year) <sup>b</sup>	Percentage of people below the poverty line <sup>c</sup>	Food Security in Rural Areas <sup>d</sup>
Andhra Pradesh	2396	33	22	Mod. Insecure
Bihar	527	6	55	Extr. Insecure
Gujarat	801	13	24	Mod. Insecure
Haryana	97	5	25	Mod. Insecure
Karnataka	900	18	33	Mod. Secure
Kerala	1776	63	25	Secure
Madhya Pradesh	481	6	43	Extr. Insecure
Maharashtra	1489	13	37	Mod. Secure
Orissa	426	12	49	Sev. Insecure
Punjab	24	1	12	Secure
Rajasthan	662	13	27	Sev. Insecure
Tamil Nadu	1011	19	35	Mod. Secure
Uttar Pradesh	661	4	41	Sev. Insecure
West Bengal	1454	19	36	Mod. Insecure
<b>INDIA</b>	15309	16	36	

\* The term ‘lifting’ is used to indicate that foodgrains are not only allocated to the states, but actually lifted/purchased. Allocation to the states is usually higher than lifting.

a) Source: Government of India, 1997a, Annexure-II

b) Source: Radhakrishna et al., 1997, Table 3.7

c) Source: Government of India, 1997, Appendix-IV

d) Source: MS. Swaminathan Research Foundation and World Food Programme, 2001, Map. 5.2.

PDS distribution used to be very unevenly spread over the country (see Table 3 below). The average all India per capita distribution during the 1990s was about 16 kilos per year. Kerala was the State which benefited most from foodgrain distribution between the mid-1980s and the mid-1990s, while very poor and extremely food insecure states such as Bihar hardly benefited. As can be seen from Table 3, there is no immediate correlation between food insecurity and PDS levels. There is, however, no doubt that the food security in Kerala is partly the result of PDS distribution, and that, for example in Bihar and Orissa, food security would be much better if there had been more (and more effective) foodgrain distribution. The fact that Kerala benefits so much more is partly the result of an agreement made between the Kerala government and the GoI in the 1960s to the effect that the Centre would take care of Kerala’s foodgrain requirements, allowing Kerala to concentrate on cash crop production (Mooij, 1999a; p.78). Another factor is the effectiveness of State administration. Generally, the states that benefit most from the PDS (all south Indian states) are better governed than the very food insecure states in north India (Bihar, Orissa, and Uttar Pradesh). They are also characterised by a different kind of populism, in which performance matters (Mooij, 1999b).

The PDS in India is made possible by a subsidy from the Government of India. The food subsidy was negligible until the end of the 1960s, but since then it has increased steadily. By the mid-1990s, it was more than Rs. 50,000 million, which is 3% of the total government expenditure of the Central State, and about 0.5% of the Gross Domestic Product. The rise of the subsidy in absolute terms seems enormous, but as a percentage of GDP or as a percentage of total government expenditure, the situation is less dramatic (See Table 4).

**Table 4 Central government food subsidy**

Year	Expenditure at current prices (Rs. millions)	Food subsidy as percentage of total govt. expenditure	Food subsidy as percentage of GDP
1990–1	24500	2.33	0.43
1991–2	28500	2.53	0.44
1992–3	28000	2.27	0.37
1993–4	55370	3.90	0.64
1994–5	55090	2.80	0.50
1995–6	49600	2.78	0.45
1996–7	51660	2.46	0.45
1997–8	75000	3.23	0.52
1998–9	87000	3.11	0.52
1999–00	92000	3.03	0.48

Sources: Meenakshisundaram (2001, Table 1); Dev and Mooij (2002, Table 7)

Nevertheless, the level of the subsidy is considered to be a major problem. In 1997, the Government of India introduced targeting. The system, that was hitherto universal in most states, was converted into a targeted distribution system (Targeted PDS = TPDS). For this purpose, the whole population was subdivided into two sections. Those below the poverty line (BPL families) and those above the poverty line (APL families). The policy is that BPL families receive 10 kilos of foodgrains per month at subsidised prices, while APL families receive a variable quantity for a higher price, and only during a transition period. This new policy would imply not only a re-allocation of foodgrains between BPL and APL families, but also a re-allocation of foodgrains between the various states in India, since the number of poor people would be decisive in the allocation of subsidised foodgrains to the states.

It is now clear that the introduction of targeting has been a complete failure.<sup>20</sup> The subsidy has not decreased at all. In fact, there was a significant increase from 1997–8 onwards. The revised estimate for the food subsidy of 2001–2 was Rs. 136,700 million, almost 14% more than the year before. Moreover, the offtake of foodgrains did come down severely. This was 21 million tonnes in 1990–1, but only 12 million tonnes in 1999–2000.<sup>21</sup> This is the result of the fact that for APL households it was no longer attractive to buy PDS foodgrains, as they were not really cheaper (and often of poorer quality) than open market foodgrains. Since the FCI continued to procure foodgrains, the food stocks increased to approximately 60 million tonnes in 2001, which was much more than that required to keep a safe buffer stock. The carrying costs of the food stocks increased considerably, and the warehouses were still full at the start of the procurement season for rice in December 2001. Procurement, nevertheless, continued, in some parts of the country. The result was an extremely embarrassing situation: food insecurity continued to be a problem for millions of people, whilst there were warehouses full of foodgrains. The Government of India has tried to export a proportion of the food stocks; it has liberally allocated amounts to drought affected states; it has considered dumping foodgrains that have become unfit for human consumption into the sea; it has introduced two new schemes (for the elderly, and for the poorest of the poor); and most recently, it has even reduced the APL prices considerably and increased the quantity per household.

<sup>20</sup> See also Swaminathan (2000).

<sup>21</sup> Information from Comptroller and Auditor-General, GoI, Mr. V.K. Shunglu, quoted in *the Hindu*, 22.9.2001.

Although these measures had some effect, the food stocks that are held by the Government of India remained high. Meanwhile, severe food insecurity continues to exist in several parts of the country.<sup>22</sup> In the second half of 2001 there were many newspaper reports of starvation deaths, especially in Orissa. The People's Union for Civil Liberties brought this phenomenon to the attention of the Supreme Court in a Public Interest Legislation case. In doing so, it raised three basic questions, namely, 1) does the right to life under article 21 of the Constitution mean that people who are starving and who are too poor to buy foodgrains ought to be given foodgrains free of cost by the state from the surplus stock (...) particularly when it is reported that a large part of it is lying unused and rotting, 2) does the right to life include the right to food, and 3) does not the right to food (...) imply that the state has a duty to provide food especially in the situations of drought to people who are drought-affected and are not in a position to purchase food?<sup>23</sup> The Supreme Court responded positively to these questions. It ruled that the government had the obligation to give food to those who are starving, even when it would have to be free of cost. The reports on starvation deaths continued, however, for some time after this ruling. At the time of finalising this report (July 2002) it remains to be seen whether next year will be any better.

### 3.2 Objectives and operationalisation in Andhra Pradesh

#### *Foodgrain procurement*

Procurement of foodgrains takes place mainly in the food surplus regions in Punjab, Haryana and Andhra Pradesh. In 1994–5, 50% of the FCI wheat purchase and almost 40% of the paddy/rice purchase took place in Punjab; 25% of the FCI wheat and 12% of the paddy/rice came from Haryana and 30% of the paddy/rice came from Andhra Pradesh (World Bank, 1999; Annex Table 1.11). Procurement can happen directly from farmers, from rice mill owners or from other middlemen and/or traders. The Food Corporation of India is the main procurement agent. There have been times in the past when procurement has been problematic and enforcement has been difficult, especially in south India.<sup>24</sup> The situation in the first years of the new millennium have been completely different. The warehouses are full, and the FCI would rather not buy than continue to procure.

The critical issue is the procurement price. Since the 1970s there has been no distinction between the Minimum Support Price (MSP) and the Procurement Price. MSPs are advised by the Commission for Agricultural Costs and Prices (CACP). This commission looks into the costs of production and overall market situation, including the level of world market prices, and then recommends a uniform MSP for the whole country. The government then decides the final price, which is often higher than the recommended price. Despite being a uniform price for the whole country, individual state governments can decide to adjust the price upwards at their own expense. In the 1990s, in 4 out of 9 years, the minimum support price for rice as fixed by the GoI was higher than the recommended price. In the case of wheat this happened in 5 out of 9 years (Rao, 2001; p. 77–78) The level of the procurement prices is such that in several areas of the country, the government is not exactly conducting support price operations, but rather it has become the preferred and almost exclusive buyer.<sup>25</sup>

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22 For last years' reports on severe hunger and starvation, see, Rajni Bakshi on Rajasthan, 'Food for the People', *the Hindu*, 6 May 2001; Prafulla Das on Orissa, 'Hunger in a Land of Plenty', *the Hindu*, 9 September, 2001, and Jean Dreze on Chhatisgarh, 'Right to Food and Public Accountability', *the Hindu*, 5 December 2001.

23 See *the Hindu*, 'Food must reach the starving, not rot: SC', 21 August 2001.

24 See, for instance, Mooij (1999a) about the difficulties of procurement in Karnataka in the early 1990s, when rice mill owners had to be forced to sell one third of their produce as levy to the government.

25 See also editorial, *the Hindu* 12 September 2001.

In AP, the FCI has less dominance as a buyer. On average it procured 38% of the rice produced in the 1990s. This percentage has gradually increased, with the average annual procurement as percentage of production in the 1970s was 11%, and 28% in the 1980s.<sup>26</sup>

Procurement used to take place at the mill point. Previously, before the FCI warehouses were almost completely full, the government enforced a mill point levy: each commercial rice mill had to surrender 50% of its produce as levy to the government. At the moment, this levy is not enforced. In fact, procurement has become difficult in some areas because the FCI warehouses are full already. Rather than being forced to surrender the levy, rice mill owners now pressurise for procurement.

At the same time, however, farmers in AP are complaining that they do not receive the minimum support price. The reason being that middlemen and traders who buy the paddy from the farmers are not willing to pay this price. This resulted in farmers' unrest, which was partly staged by the Congress Party, the main opposition party. The government was forced to react, and promised procurement directly from farmers (at the minimum support price), and the FCI has now started to make arrangements to purchase paddy directly from farmers. The extent to which this will really be implemented remains to be seen.

### *Foodgrain distribution*

After procurement, the food is stored and/or transported to other parts of India. Within the various states the PDS foodgrains are sold to consumers in fair price shops. Households who hold rationcards are entitled to purchase a certain quantity of the commodities. The price, in many states, depends on whether the household is classified as APL or as BPL. The shops are usually run by individuals who sell these foodgrains for a fixed price, and earn a commission for themselves. Sometimes rationshops are run by cooperative societies or the State Food and/or Civil Supplies Corporations.

An existing targeted scheme has meant that the distinction between APL and BPL has not been enforced. This scheme was introduced in the early 1980s following election promises by the TDP to provide a cheap food scheme for people<sup>27</sup>. As part of its election promises, it had promised a cheap food scheme for poor people, and soon after the party came to power this scheme was introduced (see Section 3.3 for more details on the politics of this scheme). Poor households were identified, and these households could purchase 25 kgs of rice each at the rate of Rs. 2 per kg. A liberal income threshold of Rs. 6000 per household per annum was adopted for the scheme.

Over the years, some modifications were implemented. At present, rice is sold in AP for Rs. 5.25 per kg. The quantity depends on the size of the household, with an allocation of four kilos per person, and a maximum of 20 kilos per household.

There were a number of differences between the Targeted PDS, introduced in 1997, and the existing targeted scheme in AP. According to the GoI guidelines, there were only 3.3 million poor households in Andhra Pradesh,<sup>28</sup> while the number households eligible for the cheap rice scheme – identified as 'white card' holders – was considerably higher. (In 2002, there were approximately 11 million white cards).<sup>29</sup> The price in AP was also lower than the GoI price, and the ration was much higher than in the TPDS for the rest of the country (only 10 kilos per BPL household). Nevertheless, the introduction of the TPDS meant a temporary cut in the rice subsidy burden for the

<sup>26</sup> Based on Indrakant and Harikishan (2000, Table 3).

<sup>27</sup> For a detailed description of its implementation, see Venugopal (1992).

<sup>28</sup> GoI (1997:Annex 1).

<sup>29</sup> Civil Supplies Administration 2001–2002 Demand No. LIV. By Dr. N. Janardhan Reddy, Minister for Food, Civil Supplies, Legal Metrology and Consumer Affairs, p. 7

Andhra Pradesh government, because a part of the rice for white card holders was now additionally subsidised by the Government of India.<sup>30</sup>

The rice (and sugar, kerosene and occasionally wheat) is distributed through fair price shops, of which there are 40,567 in the State. Almost all fair price shops are run by private dealers, and less than five per cent are run by cooperatives.<sup>31</sup> Each shop has a number of cards attached to the shop. This number varies from about 400 in rural areas to about 1000 in urban areas. On the basis of the number of cards, the PDS dealer can lift a particular quantity (of rice, sugar and kerosene) every month from the Civil Supplies Stock point. There is a fixed margin for the fair price shop dealer, which is set by the GoI. The income of the fair price shop dealers comes from this margin and the sale of the gunny bags. There are several expenses that he has to incur, such as transport and shop rent etc. The income of the PDS dealers is low, and earlier studies have indicated that it is in fact very difficult to run a fair price shop honestly.<sup>32</sup>

### 3.3 The politics of the PDS

#### *Procurement, farmers' lobbies and national politics*<sup>33</sup>

As mentioned above, minimum support prices are advised by the CACP. Nowadays, the CACP is composed of seven members: a Chairman, a Member-Secretary, three non-official members and two official members. The two official members are usually retired civil servants, academics or other experts. The non-official members should to be representatives of the farming community. This has not always been the case. When the APC, the predecessor of the CACP, was established in 1965, there were no farmer-members. The non-official members may be real farmer/peasant hardliners fighting for high prices, but equally, they may also be moderately wealthy gentleman-farmers who, for instance, have been part of the bureaucracy for most of their lives. In principle, however, there is no doubt that farmers are well represented and much better than 30 years ago.

The real pressure to push prices upwards seems to occur after the CACP makes its recommendation.<sup>34</sup> The Ministry of Agriculture prepares a Cabinet Note, and the Cabinet decides on the price level. According to several people interviewed for this study,<sup>35</sup> there is direct pressure on the Prime Minister from the Chief Ministers of the main procuring states: Punjab, Haryana and Andhra Pradesh. There are several reasons why high prices are important for these states and their Chief Ministers. First, for these Chief Ministers it is an inexpensive way of pleasing a large part of their constituency. Especially in Punjab, whose economy depends to a large extent on agriculture and where foodgrain production is mainly for the FCI, the level of the procurement price is of immediate interest to the farmers. In all these states the political leaders have their major support base among the wealthy foodgrain producing farmers. Second, these states levy a statutory tax on FCI purchases, which means that, on top of the procurement price for the farmers, the FCI has to pay around 10% statutory levy to the State Treasury.

There are also several reasons why the Prime Minister and the Union Cabinet cannot afford not to give in to this pressure to some extent. First, the central government cannot afford to antagonise the chief ministers of Punjab, Haryana and Andhra Pradesh. All represent political parties which

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30This transfer of subsidy from the GoAP to the GoI was only temporary, and ended when the APL prices started to rise.

31 Civil Supplies Administration 2001–2002 Demand No. LIV. By Dr. N. Janardhan Reddy, Minister for Food, Civil Supplies, Legal Metrology and Consumer Affairs, p. 7

32 See Mooij (1999a) and Mooij (2001).

33 This section is taken from Dev and Mooij (2002; p. 64–65).

34See also Rao (2001).

35In a study on the social sector budget making process. See Dev and Mooij (2002).

contribute to the National Democratic Alliance<sup>36</sup> which are crucial for its survival. This is the current situation (2002), but in a different way it was also true during the first half of the 1990s, when the ruling Congress government wanted the Congress in Punjab to win the Assembly elections in 1992. Second, there are important farmers' lobbies with members in almost all political parties. No political party wants to antagonize them. Third, although there is no strong separatist movement in Punjab at the moment, there is still a fear for potential political instability. As one respondent<sup>37</sup> said: 'The food subsidy is the price India has to pay for keeping Punjab within the Indian Union'.

### *Distribution, populism and the donative discourse*

1982 was an important year in the political history of Andhra Pradesh. It saw the rise of a new political party, the Telugu Desam Party (TDP), which succeeded in ending the Congress hegemony within a very short time. After a short campaign – the party existed just nine months – the TDP won the December 1982 elections, thus marking the end of a Congress era in Andhra Pradesh. The leader of the Telugu Desam party was N.T. Rama Rao, a very famous film star. In several films he had played a god or a saintly figure who champions the cause of the poor. He was very popular and had a great deal of charisma. Based on his earlier fame, extensive touring and clever campaigning, he was able to strike a chord with the people that would last for quite some time. Twenty years later, N.T. Rama Rao is no longer leader, but the party is still a major player in Andhra Pradesh politics.

The TDP made use of widespread dissatisfaction with the ruling Congress Party and the fact that many people felt that the central (Congress) government was not sufficiently respectful towards the Telugu people and the Andhra Pradesh government. Congress in Andhra Pradesh had become almost totally dependent on the Congress High Command, which regularly replaced Chief Ministers and was involved in all major political decisions (see Suri, forthcoming). The two main issues in the political campaign of the TDP were to end corruption in the State and to distribute rice for Rs. 2 per kg to the people.

When N.T. Rama Rao started advocating the idea of a Rs. 2 per kilo of rice scheme, the ruling Congress government did not take the idea very seriously, and was convinced that it was an impossible plan. The people of Andhra Pradesh, however, were taken in by the idea. Andhra Pradesh was (and is) a State where large-scale production goes together with food insecurity and hunger. There is surplus rice production especially in the coastal areas, but several other districts are drought prone and food deficient, and many people go hungry. On top of this, 1982–3 was a drought year, and there were acute drought conditions in parts of Andhra Pradesh. Hence, it is no surprise that the idea for a Rs. 2 per kilo scheme was received very well by the poor.

It is important to realise, however, that at that time, Rs. 2 per kilo was not a radical proposal. Rice was being sold in PDS shops at Rs. 2.09, Rs. 2.21 and Rs. 2.36 (for common, fine and superfine varieties respectively), and the average retail open market price in 1982 varied from 2.52 (for common variety) to 2.79 (for superfine variety) (Venugopal, 1992; Table 5.1). The radical thing about the scheme was the promise to make this subsidised rice available throughout the State. Subsidised rice distribution so far had been mainly an urban phenomenon in Andhra Pradesh. There was some sugar and kerosene distribution in rural areas, but not rice.

In the course of 1982 the Congress Party began to feel threatened and even decided to introduce a cheap rice scheme during its own tenure. Thus, in November 1982 it announced that from

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<sup>36</sup> The party coalition that rules the country.

<sup>37</sup> This was a respondent interviewed in the earlier mentioned study on the budget making process.



December onwards, rice would be distributed at Rs. 1.90 for common variety, Rs. 2.10 for fine and Rs. 2.15 for superfine variety (Venugopal, 1992; Table 5.1). This proposal, however, came too late, and was poorly implemented (only in the urban areas) and did not succeed in convincing the people from Andhra Pradesh to vote for Congress. When the elections were held in late December 1992, the TDP 'recorded a landslide victory', securing more than 45% of the votes and two thirds of the seats in the State Assembly (Suri, forthcoming).

N.T. Rama Rao genuinely thought, according to one informant who was involved in the whole process, that the Rs. 2 per kilo scheme could be run without a state subsidy. His conviction was that open market prices were high because of corruption of the traders who acted in collusion with the Congress politicians. The then Commissioner of Food and Civil Supplies, however, who was in favour of the scheme, had made calculations that, based on a distribution of 10 kgs per poor household (i.e. with an income less than Rs. 3600 per year), a subsidy of Rs. 330 million would be necessary to cover extra procurement, transport costs, PDS retailers' margins etc. N.T. Rama Rao had to agree to a state subsidy; after all the election promise had to be fulfilled, and it was now clear that this was not going to be possible without subsidy.

In the end, however, the subsidy turned out to be much higher. Soon, it was decided that the threshold for eligibility would not be Rs. 3600 per household per year, but Rs. 6000. As a result, it was not 40% of the population that became eligible, but about 65%. Final calculations, however, led to the allocation of almost 10.5 million cards. This would mean that more than 85% of the households received a green card<sup>38</sup> (or that some households had more than one card, or cards were held by PDS dealers or others). Targeting thus, by and large, failed. Moreover, the government soon decided that distribution would not start with 10 kilos, but with 25 (Venugopal, 1992; p. 173–4). Thus, the Rs. 2 per kilo scheme became a big hand-out to almost the entire population. Although perhaps not originally designed as such, it became a major populist scheme, costing the AP government not Rs. 330 million, but about three times as much (in 1983–4, a figure which increased rapidly over time.). At the turn of the century, the subsidy was approximately Rs. 10,000 million.

Rice procurement had to be stepped up, and in 1981–2, 1.1 million tonnes was procured (almost 14% of total production). In 1982–3, two million tonnes was procured (just over 26% of overall production). Procurement continued to increase, both in absolute figures as well as percentage of production (Indrakant, 2000; Table 8.3). The fact that the rice mill owners cooperated with the scheme was an absolutely crucial for its continuation. Had the rice mill owners not been willing to surrender levy (at below market prices), the scheme would have been impossible at the scale it was introduced. Most likely, there were several reasons behind their willingness to cooperate. First, they were promised by the then Commissioner of Civil Supplies that their cooperation would lead to less harassment. They were used to a situation of surrendering less levy, but more bribes. This meant a business environment in which the millers were more at the mercy of the local bureaucrats and politicians – a climate in which some may have thrived, but that did not suit many others.<sup>39</sup> Second, they were allowed to export a quarter of their produce to neighbouring states. It was through export that they could realise their main profits, and rice even became more expensive in Karnataka, Kerala and Tamil Nadu as a result of the AP scheme (and exports became more profitable for that reason).<sup>40</sup> Third, many of the rice mill owners in the coastal districts belong to the same caste group (*Kammas*) as N.T. Rama Rao, and may have been willing to help him to pursue his political career. In summary, although at first sight it might seem that procurement harms the business interests of the rice mill owners, it is likely that they have only benefited from the scheme (see also Olson, 1989; p. 1602)

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38 The scheme started with green cards, which were later replaced by white cards.

39 See Mooij (1999a, Chapter 4) about the simultaneous collection of levy and bribes in Karnataka.

40 Olson (1989; p. 1607).

It is still a little unclear why the programme was allowed to expand so dramatically within a short period of time, especially since N.T. Rama Rao was firmly in power<sup>41</sup> and initially he had thought that the scheme could be run without any subsidy. The major architect of the scheme, K.R. Venugopal, was not in favour of this expansion, but between the middle of January and 1 April 1983, he was temporarily posted elsewhere, before returning as Commissioner of Civil Supplies. It is, however, unlikely that the expansion took place at the insistence of the new Commissioner or that Venugopal was temporarily replaced just because he did not agree to the expansion of the scheme.<sup>42</sup>

What is clear is that the scheme made a significant contribution to the rise in popularity of the TDP and N.T. Rama Rao, and was consciously used for this purpose. To quote one observer,

The scheme is used as ongoing propaganda for the TDP. Several colourful pamphlets advertising the scheme, each with Chief Minister N.T. Rama Rao's photo on the front, are available free from the AP State Public Relations Office. The scheme is nicknamed 'Anna-Varam', in these pamphlets, a pun meaning both 'big brother's gift' and 'rice gift', with the word 'varam' (gift) having a religious connotation (Brown's Telugu-English dictionary defines 'varam' as 'boon or blessing sought in prayer, a divine gift.') (Olson, 1989; p. 1598)

The presentation of food programmes has been referred to as a donative discourse,<sup>43</sup> because of the emphasis on charity and generosity of the government. The scheme is linked to the personality and care of the Chief Minister. In Andhra Pradesh, the rice scheme was not named after the Chief Minister himself, something which happened in Tamil Nadu for instance,<sup>44</sup> but the Chief Minister was very much identified with it. This was done intentionally to improve the image of N.T. Rama Rao who was presented as a big brother, someone to be trusted and relied upon. He was presented as a benefactor who gives a helping hand to the poor.

But there was another side to the regime of N.T. Rama Rao as well, as Olson emphasises. Various progressive laws which would help the poor, such as minimum wage legislation and the land ceiling act, were not implemented. Instead the TDP

'administers and protects the system which thrives on the existence of unemployed workers who must accept low wages or starve. TDP brutally suppresses the efforts of workers to organise for land reform and higher wages. A case in point is the way TDP has given the police free rein to attack supposed 'naxalites' whenever they suspect that villagers are organising against landlords.' (Olson, 1989; p. 1598)

These and other anti-people actions, according to Olson (1989, p. 1598), 'can only be reconciled with TDP's populist rhetoric if we recognise that the party stays in power by balancing the two aspects of its regime – the growing welfare state which substitutes for economic growth, and the authoritarian regime which silences all genuine opposition.' So, according to this interpretation, there was an obvious 'other side of the coin' to the TDP's populism in the 1980s.

Nevertheless, despite this balancing of the two faces of the regime and despite the presentation of rice at Rs. 2 per kilo as a gift, there is little doubt that the scheme has produced a change in the overall expectations of the citizens. The belief that poor people have entitlements and that the

41 In fact, in 1984, there was a (failed) attempt to oust him, but he did not know this at the time of the introduction of the Rs. 2 per kilo scheme in the early months of 1983.

42 It is possible to think of several hypotheses explaining this expansion, but all of these would require further investigation. 1) The scheme was allowed to expand by the bureaucrats, in the assumption that it would become absolutely unsustainable and fasten the political demise of N.T. Rama Rao, who was not very popular among most top civil servants at that time. 2) N.T. Rama Rao had become so enthusiastic about the scheme that he favoured this expansion, especially since he was a bit of a 'myth-maker', who believed that what he said could always become true. 3) The change in the eligibility criterion (from Rs. 3600 to Rs. 6000) is an ex-post policy adjustment, made after it became clear that the administration had not been able to enforce the Rs. 3600 criterion.

43 See Mooij (1995). See also Schaffer (1984) and Wood (1985; p. 358–9) about donative versions of reality.

44 In Tamil Nadu, noon meal scheme was named after the Chief Minister M.G. Ramachandran.

government has a duty to fulfill these to a certain extent, has become stronger. This means that, although the subsidised rice is an enormous burden to the AP exchequer, no government can afford to make drastic cuts.<sup>45</sup> Populism has remained an important component of the AP governments, and perhaps it is possible to argue that it helps governments to stay in power despite the fact that on other fronts policies are implemented that could be labelled as anti-poor or anti-worker. (See also the next chapter about DWCRA.)

### 3.2 Food and politics at the local level

One of the major problems in the implementation of the PDS is the low commission for the Fair Price Shop dealers. Almost all these dealers are private individuals. They receive the rice, sugar and kerosene from the Mandal level warehouse of the AP Civil Supplies Corporation after they pay for it. They sell the commodities at a fixed rate. Their margin is fixed. If one calculates the income and expenses (based on 400 white cards), the net earnings are around Rs. 1300 per month. Considering the fact that in some areas shops are run by a shopkeeper and a helper, and the fact that there may be losses because bags may contain less than 50 kgs, the income is very little.

The same phenomenon was observed in earlier research in other states.<sup>46</sup> In Bihar the situation was even worse because of the fixed bribes that the PDS dealers had to give to the food inspectors. In AP, all the people interviewed, denied that there were fixed bribes to be paid by PDS dealers,<sup>47</sup> although there may have been bribes to get the dealership in the first place. There are different ways in which the problem of low earnings can be solved. In Kerala in the early 1990s the PDS dealers sold the quantity that was not lifted by the cardholders on the open market for a higher rate. This practice was tolerated by the officials because they understood that the official commission was insufficient, but that, for political reasons, the government could not increase this commission (and the PDS prices). In Karnataka, the same thing happened. Moreover, many PDS dealers asked a slightly higher price for the foodgrains than the official retail price. In Bihar, in many areas there was almost no foodgrain distribution, or only once in a few months, either because the dealers could not lift it from the Bihar Civil Supplies Corporation, or because they did not bring it to the shops to sell it to the cardholders. Another way through which PDS dealers could make more money in Bihar was through possession of bogus cards. In AP, it seems that rice is brought every month to the shops. The food coupon system<sup>48</sup> has made it very difficult to sell the quantities that are not lifted by the cardholders on the open market. In Medak, one PDS dealer was witnessed giving one kilo less to the cardholders than they were entitled to. Thus, most of the cardholders received and paid for 19 kilos instead of 20 kilos. The PDS dealer would then have a few extra quintals of rice, which he could sell at a higher rate. This practice was accepted by the cardholders as a necessity, enabling the PDS dealers to run the shops. This system was also unofficially tolerated by the local officials. Bogus cards also used to exist in Andhra Pradesh, but the introduction of the coupons has reduced the possibility of lifting the bogus card rice.

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45 In 1992, the Congress government raised the price to Rs. 3.50. When N.T. Rama Rao won the elections at the end of 1994, he reduced the price again to Rs. 2.00 per kg. After the *coup* of Chandrababu Naidu I 1995, the price was increased, first in 1996 to Rs. 3.50 and later in 2000 to Rs. 5.25. This is about Rs. 4–6 less than the open market price.

46 See Mooij (1999a, Chapter 5), and Mooij (2001).

47 The President of the AP Fair Price Shop Dealers Federation was interviewed for this study. Earlier research had shown that the officials of this association are usually very frank in exposing cases of forced bribery, especially because they do not discuss their own individual opinions with officials, but speak on behalf of a large group. They are usually eager to demonstrate that they would like to serve the people well, but are hindered by the officials. In AP this was not the case. Across the board, people denied that regular bribes had to be paid to officials or others.

48 In 2001, the AP government started to give food coupons to cardholders. These coupons had to be handed in to the PDS dealer when the rice was purchased from the shop. The PDS dealer had to give the coupons to the Department of Civil Supplies before the next quantity could be lifted. This way, the Department could check more accurately how much rice was lifted from the ration shop.

Another problem at the implementation level is that the PDS dealers need a fairly large amount of capital (about Rs. 50,000 per month), certainly in comparison with their meagre earnings. This problem also exists in many other states. In most states, including AP, there are special bank schemes which allow the dealers to withdraw a particular amount every month, to be repaid as soon as they have sold the stocks. Many PDS dealers, however, do not have access to sufficient credit. In Medak, according to the president of the local Fair Price Shop Dealers Association, credit is indeed a major problem. PDS dealers often borrow from private moneylenders at a high rate of interest (Rs. 3–5 per Rs. 100, for a loan that often lasts less than a week). This lack of proper credit arrangements is one of the major difficulties for PDS dealers, and can result in a variety of malpractices.

Despite the problems discussed above, the PDS in Andhra Pradesh worked reasonably well, with little unnecessary harassment for the cardholders or the PDS dealers. Krishna Rao (1993, p. 1912), who states that ‘the scheme was run with least political interference, as it was a major scheme on which the future of the party in power depended. Care was taken to design it properly and implement it efficiently’ and Venugopal (1992, p. 179) states that there was an ‘uncompromising commitment to the programme (...) on the part of the political leadership at the highest level’. Both these statements are from the early 1990s, but it seems that ten years later, the system is more or less still functioning. The main problem, as mentioned by many authors, is related to poor targeting: too many non-poor are white card holders and some deserving people do not have a card. Indrakant (1996), for instance, found that in backward and dry villages a higher percentage of poor people is excluded from the scheme than in more developed villages.

One informant who took part in this study estimated that between 75% and 90% of the PDS dealers were affiliated to a political party. Often, but not necessarily, this is the TDP. The president of the AP Fair Price Shop Dealers Federation has stood several times in the State Parliament elections on a TDP ticket. Some dealers, as Indrakant (1996, p. 68) writes, ‘view dealership as an opportunity to have better contact with the villagers and improve their public image’. From the viewpoint of the political parties, it is also important to have PDS shops run by party activists. The shops are in contact with almost all people at the local level, much more than any other department or government body. In AP there appears to be no evidence to suggest that this politicisation of the PDS would harm the service delivery. In other states however, the political affiliations of the PDS dealers give them sufficient protection to get away with a variety of malpractices. It is possible that the political affiliations also help to improve the quality of the service, giving the dealers an additional interest in serving the public well.

The PDS in AP, one can conclude, is a fairly successful scheme. It reaches millions of people who all receive a subsidy from the government. It works relatively well, in the sense that the cardholders can be sure that the rice will reach the PDS shop and that they will be able to buy it, provided they have the money. Targeting is a problem, however, both in the sense that some non-poor people are included and some poor people are excluded. The idea of entitlement to the foodgrains is strong and converting an almost universal system into a targeted one is a very difficult exercise, carrying with it high risks – both in the sense of wrongly excluding even more poor people as well as in the sense of losing legitimacy.

These points are supported by the general literature on targeting. ‘If a universal program is (...) removed and a targeted program substituted, the poor would be isolated in terms of political alliances’ (Besley and Kanbur, 1993; p. 74). Skocpol (1995) argues that targeted programmes may suffer from lack of political support, while ‘universal programmes may be more sustainable in democracies, even if they are more expensive than policies targeted solely on the poor or other ‘marginalised’ groups’ (Skocpol, 1995; p. 253). Echeverri-Gent (1988, p. 1993) makes the point that social policies that address only one constituency are more vulnerable. When there are no broad political coalitions in support of them, it is much easier to disestablish them in times of fiscal stress

(Echeverri-Gent, 1993, p. 197). To quote Sen (1995, p.14), ‘benefits meant exclusively for the poor often end up being poor benefits’. Hopkins (1988) argues that even the whole legitimacy of the government may be at stake. Food subsidies may have become part of a kind of social contract between state and citizens. When food subsidies are perceived as a right, the introduction of targeting will be very difficult, and may have political costs.

### 3.3 Conclusions and research possibilities

The success of the Rs. 2 (now Rs. 5.25) per kilo scheme, both as an official objective to assist the poor as well as in terms of creating a support base for the government, seems to be based on the fact that it serves many interests simultaneously. The rural poor get food; cultivators profit from stable relatively high prices (even though they may not get the minimum support price); rice mill owners, traders and middlemen also benefit from the market and pocket a larger share of the guaranteed prices; the governments of states in which the bulk of the procurement takes place benefit from the statutory levy paid by the FCI; politicians benefit from a progressive image because they implement a welfare scheme.<sup>49</sup>

There is a huge cost, however, in the form of the subsidy. It is, therefore, not surprising that the AP government is gradually pursuing other ways of addressing some of the important constituencies, in a cheaper but perhaps equally effective way. One of these will be discussed in the next chapter.

With regard to further research possibilities, there are two sets of questions that could be explored further. The first one refers to the history of the Rs. 2 per kilo scheme. A better understanding of this history is important, because the Rs. 2 per kilo scheme is a very ambitious attempt to improve the welfare of millions of people, that has been relatively successful as well as sustainable over time. After 1995, when AP started to introduce several economic reform measures and went for World Bank loans, there was some pressure from the World Bank to reduce the food subsidy and make the scheme more targeted, but it was also acknowledged that this was difficult and could not be done overnight. Almost twenty years after its inception, the scheme is still the major welfare scheme in the State.

It is important to understand the conditions under which this scheme could emerge and consolidate, and why it developed particular features. One important issue is, of course, the way in which the scheme succeeded in counter-balancing the more authoritarian and anti-poor features of the TDP regime. Another aspect is related to the processes within the corridors of power that made the scheme so much bigger than was originally intended. A third aspect is the relation of the rice mill owners with the state government, and the strategic ways in which they were persuaded to cooperate. A fourth issue is the relatively good governance/administration of this scheme. What have been the conditions under which a committed leadership could succeed in creating a relatively efficient and harassment-free public distribution system? A fifth important issue is related to the effect that the scheme has had on entitlements and empowerment. It seems clear that the concept of state-mediated food entitlements has become stronger and more widespread. But to what extent has this also led to greater empowerment, which, in this context can be defined as ‘the ability of an individual or group to legitimately ensure that decisions relating to entitlements are taken in its favour’ (Agarwal, 1990; p. 395). To what extent has this empowerment been realised, or under what conditions could it be realised more?

The further investigation of these issues would require more interviews with the key policy makers at the time the policy was adopted, as well as reading old newspaper reports, pamphlets, minutes of

<sup>49</sup> See Echeverri-Gent (1988, p. 1296), who made the same argument in relation to the Employment Guarantee Scheme in Maharashtra.

meetings and other secondary material. The inclusion of the last issue means that the investigation cannot restrict itself to the initial phase of the scheme, but that other key decision moments (in particular moments in which prices or quantities were adjusted) should also be studied: which stakeholders were important; how did they participate (or were excluded) from the decision making; what was the overall political and economic context against which one should understand these decisions.

A second set of questions is related to the politicisation of the PDS dealers and the fact that this seems to have little harmful effect. This (preliminary) finding is in contrast to observations made in other States, and also to what one can find in other sectors in AP.<sup>50</sup> Addressing this very relevant research question, may shed light on the conditions under which politicisation of a government policy (which is endemic in India) is *not* harmful, and perhaps even beneficial. The question clearly calls for comparative fieldwork, either across states (comparing the effects of politicisation of the PDS in different states) or across sectors (comparing the effects in different sectors in AP). It would involve interviews with different actors (PDS dealers, local political leaders, MLAs, officials at the district level, etc.) and it could also include the study of cases (what happens in case of a particular shop suspension; who tries to apply pressure to influence the outcome). It could also include observation and interviews at the time of elections: what exactly do the PDS dealers do at the time of election; to what extent do they try (and are they able) to capitalise on earlier accumulated social capital, etc.

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<sup>50</sup> In the previous chapter, for instance, it was argued that politicisation of the cooperatives in the handloom sector was one of the reasons why the cooperatives were not functioning well.

## 4. Development of Women and Children in Rural Areas (DWCRA)

### 4.1 Introduction: Development through women's thrift and credit groups

The Development of Women and Children in Rural Areas programme (DWCRA), is an all India programme that was introduced in 1982–3 with the help of Unicef. It is a programme designed to enhance the self-employment activities of women, and falls into the same category of anti-poverty schemes as the Integrated Rural Development Programme (IRDP) or the Training of Rural Youth for Self Employment (TRYSEM). All these programmes are intended to stimulate micro enterprises in rural areas. Subsidies, bank loans or training are given to facilitate (mainly) poor beneficiaries to engage in various kinds of productive activities, such as small trading activities, sheep rearing, pickle making etc.

In 1999, all these separate programmes were clustered together in the Swarna Jayanti Gram Swarozgar Yojana (SGSY), but DWCRA as a term and as a separate programme does still exist, in Andhra Pradesh. DWCRA differs (differed) from the other IRDP type of programmes in two important ways. First, the main unit of development in DWCRA is not an individual or household, but a group of women. Groups usually consist of 10–20 women. (This group approach is now also used in the SGSY programme.) Second, the emphasis is not only on economic activities, but also on social issues such as family welfare, child care and literacy.

Initially, DWCRA started in a few districts in Andhra Pradesh only, but gradually more districts were added. However, it is only in the last seven years or so that DWCRA has really started to capture the imagination in AP and that the number of groups started to rise dramatically. It is claimed that at present there are approximately 400,000 DWCRA groups in Andhra Pradesh. This would mean that there are around 5 million women who are members of a group. Assuming that around 70% of the women live in rural areas, this would mean that approximately twenty per cent of women are involved in DWCRA, a figure that more or less corresponds with the proportion of poor people. Apart from DWCRA groups, there are several other women's self-help groups (SHGs).<sup>51</sup> Many NGOs have set up self-help groups. Most recently, the District Poverty Initiative Programme (DPIP, funded by the World Bank) has also started to set up women's self-help groups.<sup>52</sup> These other self-help groups are also thrift and credit groups. Andhra Pradesh is very much in the forefront in India, and indeed, of the world, with regard to women's self-help groups. More than forty per cent of the DWCRA groups that exist in India, are in Andhra Pradesh. Of all the women's self-help groups that exist in the world, about 20% of these are in Andhra Pradesh.<sup>53</sup> The regional spread of such groups is a little unequal. Some districts (including Chittoor) have many more DWCRA groups than other self-help groups; others have many more SHGs than DWCRA groups (e.g. Medak), and some have equal numbers of both types of groups (e.g. Krishna).<sup>54</sup>

The principles and basic operation of DWCRA (in AP) and of the other self-help groups that exist in Andhra Pradesh are almost identical. Groups of women are formed or form themselves. Initially, these women's groups are basically thrift groups. The women come together regularly to save

51 It is not completely clear whether the 400,000 groups, a figure which comes from the Commissioner of Women Empowerment and Self Employment, includes these other groups or not. Moreover, there can be overlap and double counting.

52 DPIP exists in only three states in India. In Andhra Pradesh, At present, DPIP is implemented in six districts. The women's groups that are set up by DPIP are called *Velugu* groups. *Velugu* means 'light', in Telugu.

53 This was estimated at the time of the World Micro Credit Summit in Washington in 1997. See: [www.andhraachuki.com/womenempower1.htm](http://www.andhraachuki.com/womenempower1.htm)

54 According to information from the Department of Rural Development, in March 2002, there were 12649 DWCRA groups and 6422 SHGs in Chittoor, 6356 DWCRA groups and 11595 SHGs in Medak and 12448 DWCRA groups and 12584 SHGs in Krishna district.

money, say Rs. 30 per woman/household per month. Each month the whole group saves a particular amount. This money is deposited in a bank account and can be used for giving loans to group members. After some time, if the groups function well, additional loans can be given. These can be organised through the DRDA (District Rural Development Agency), as in the case of DWCRA, through NABARD in the case of NGO supported self-help groups, or through the Community Investment Fund, as in the case of the DPIP groups. In recent years commercial banks have also become involved. In principle, this borrowing is only possible when the group has performed well in its saving activities.

The reason to focus particularly on women in these thrift and microcredit activities is the observation and/or assumption:

- that women are more concerned with the needs of the various household members;
- that they are better at repaying loans than men;
- that the credit and savings activities can help them to become more active participants in social life (they have to learn how to maintain an accounts book; they have to deal with bank managers, etc.); and
- that these women's groups can be an entry point for various other activities.

The premise is that poverty can be effectively tackled with the help of thrift and microcredit programmes. It was partly because of the perceived success of the Grameen Bank, that many development practitioners and development agencies started to see microcredit as a powerful tool to address poverty. Microcredit facilities, it was thought, would help poor people to overcome financial crises without the help of moneylenders. The bank or the financing agency would give much cheaper loans than the local moneylenders. Collateral is often not required, but there is a group which takes the responsibility for repayment, and which assesses the creditworthiness of the person who takes out the loan.

There is a lot of faith in the 'thrift-cum-microcredit-through-women's-groups' model of development. Clifford Geertz wrote as early as 1962, long before this idea became popular with development agencies, that credit associations (i.e. rotating credit associations set up by people themselves without outside intervention) played a role in introducing rural people to the use of money and a modern way of life. According to him, the associations function as intermediate institutions, in the sense that they are a kind of traditional organisation (the members are all known to each other; usually the meetings are not only about financial matters but there is a cultural element as well), but at the same time they enable the emergence and further development of a commercial ethic: there is a need to keep accounts, to make contracts, etc. Ardener and Burman (1995) give many examples of how savings and credit associations play a role in adjusting women to a modern capitalist world. It is in these associations that women learn how to deal with money, how to keep accounts, etc. Many NGOs, international development agencies as well as the World Bank and the International Monetary Fund are great supporters and promoters of the model. In 1997 a worldwide Microcredit Summit was held in Washington, which attracted participants from all over the world, and included a number of prominent participants. For many, microcredit, especially if organised through women's self-help groups, if it is not a panacea, seems to hold a great promise.

There are also critics of microcredit, and the question of whether it is beneficial for the poor generally, and for women in particular, remains contested (see Hulme, 2000; p. 79). Hulme and Mosley (1996) make the point that microcredit has beneficial impacts, but generally does not assist the poorest of the poor. On the basis of many case studies, they conclude that the benefits that a household can receive from the credit is often a direct function of the income level at the start of the programme. The higher the initial income, the higher the additional income. Osmani (1991; p. 326) makes the point that there are often problems with a) the market for the products produced in the



micro enterprises, b) the supply of the assets for the micro enterprises (such as cows or sheep), and c) the availability of additionally required resources (such as fodder, etc.). Mahajan summarises five fatal assumptions and two main risks. The fatal assumptions are:

- that the poorest all wish to be self-employed;
- that credit is the main financial service needed by the poor;
- that credit can automatically translate into successful microenterprises;
- that those slightly above the poverty line do not need microcredit; and
- that microcredit institutions can become financially self-sustaining.

The risks are, first, that for very poor people microcredit is often not only unhelpful, but can even be harmful, and, second, that large investments in microcredit programmes mean that less money is available for other efforts at poverty alleviation, such as elementary education programmes or primary health programmes (Mahajan, n.d., p. 1–2).

A recent extensive review study on ‘empowering women through microfinance’,<sup>55</sup> suggests that there are six ways in which microcredit programmes may contribute positively to women’s empowerment. Microcredit, according to this study can have an impact on women’s role in decision making, on self-confidence, on women’s status and gender relations in the home, on family relationships and domestic violence, on women’s involvement and status in the wider community and on political empowerment and women’s rights. The study also mentions risks, namely that the burden of work for women will increase further and that the new activities will/may only reinforce the traditional roles that women perform. It is also noted that the good repayment rates of women may not so much reflect how well women’s groups function, but rather the lack of alternatives and powerlessness of the women. ‘No one wants a bad record that could keep him/her from accessing financing in the future. The difference is that poor women have even fewer options and alternatives (to access other credit facilities), so the incentive is even stronger’ (Cheston and Kuhn, 2002; p. 24).

## 4.2 Objectives and operationalization

DWCRA, according to the handbook, is aimed at families below the poverty line, and is designed to:

- improve the survival position and quality of life of young children and women;
- enable women to increase their earning power and to participate in development programmes;
- increase the impact of ongoing existing development programmes by stimulating, supplementing, strengthening and integrating them;
- involve the community in planning and implementing the programme so that this need-based development activity will be carried on by the community even after outside assistance is withdrawn (GoI, n.d.; p. 1.1).

The general objectives are to:

- achieve a significant increase in the income of women in rural areas;
- strengthen the position of women through support to women’s groups;
- improve the use and effectiveness of existing social services (ibid. p. 2.1).

Specific objectives can be added, depending on the local situation and needs of the women.

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<sup>55</sup> Cheston and Kuhn (2002), *Empowering Women through Microfinance*. For a study that questions the contribution of microfinance to women’s welfare and empowerment, see, for instance Goetz and Sen Gupta (1996).

One important thing to note in the context of this paper is that there is an explicit political objective, namely the strengthening of the position of women, which, if realised, is bound to have consequences for the gender power equations.

The main strategy of DWCRA is 'to improve access of poor women to employment, skill training, credit and other supportive services' (Mohiuddin et al., 2000; p. 2). In addition to this, so-called community based convergent services (i.e. the various departments should coordinate their activities at the local level to make them more need-based), child care activities and information, education and communication activities (intended to make poor women more aware of the various development programmes that exist) have been implemented.

The thrift element was not part of the initial DWCRA design, but it has been added to the DWCRA concept in various States (see, for instance, Mohiuddin et al., 2000). In Andhra Pradesh, this element was introduced around 1993, in an attempt to encourage bonding between the women. It is with this thrift element that DWCRA in Andhra Pradesh became a kind of campaign, adopting the slogan 'Save a Rupee a Day'. This campaign/movement was called *Podupu Lakshmi* (Podupu means savings and Lakshmi is the goddess of wealth).

This campaign style in Andhra Pradesh influenced the development of women's groups earlier in the 1990s. Women had been organised into groups as part of the Total Literacy Campaign. In some districts (particularly Nellore), this movement had become very strong. It attracted mainly poor women, as many middle and upper class women are better educated. According to the Government of Andhra Pradesh (1998, p. 9), the participation of poor women was unprecedented, and the increasing awareness of women helped to shake the government out of its lethargy. Simultaneously, these women's groups began to agitate against *arrack*, a type of country liquor. 'The lesson on alcoholism in the Literacy primer was just a small spark that ignited the minds of rural women in the entire district (Nellore). The anti-*arrack* agitation spread like a wild fire and the rest is history' (GoAP, 1998, p. 9). The official GoAP version of what happened then is the following.

The women were jubilant when they succeeded in banning liquor in the district. At this point, a DRDA Project Director attended a women's meeting in the village of Leguntapadu in Kovur mandal, and the women described the effect that the liquor had had on their lives. The Project Director asked whether it would be possible for women to save a rupee a day. One woman walked up to the Project Director and placed a rupee coin in his hands and many more followed. The Savings movement '*Podupu Lakshmi*' was born. Over 200,000 women joined together in small thrift groups and saved Rs. 14.00 crore in 5 years. (GoAP, 1998; p. 9)

Perhaps the particular role of this Project Director is debatable, but the fact that the earlier mobilisation of women in the Total Literacy Campaign and in the anti-*arrack* movement facilitated the establishment of women's thrift/DWCRA groups is beyond doubt.<sup>56</sup>

This campaign style of implementing DWCRA continued for a fairly long period of time. There were targets set to establish new groups in each district, and the Chief Minister himself took a keen interest and questioned the District Collectors about their performance during the video conferences that he held with them. DWCRA received particular attention from him. He personally opened exhibitions, took his international guests (including Bill Clinton) to DWCRA groups, and wrote letters to them.

This enthusiasm and the importance attached to DWCRA of/by the state political leaders is not necessarily matched by a similar commitment at the lower levels of the state bureaucracy. DWCRA is implemented by the Rural Development Department. There is one Indian Administrative Service

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<sup>56</sup> See, for instance, Datta and Mahajan, n.d. p. 2.

(IAS) officer in Hyderabad who is Director DWCRA and responsible for just DWCRA. A new post of Commissioner of Self Employment and Women's Empowerment was created in the mid 1990s, reflecting the weight given to this programme by the political leaders. The day-to-day implementation of DWCRA is carried out by District Rural Development Agencies. In each district there is a Project Director (usually an IAS officer) who coordinates all rural development activities at the district level, of which DWCRA is only one. There are approximately five Assistant Project Officers, one of whom is usually allocated to DWCRA. However, in some cases all five may undertake some DWCRA related activities in different parts of the district. Often DWCRA is one of the main activities for these Assistant Project Officers. Each mandal has one Mandal Development Officer, and each village has a Village Development Officer, all of whom come under the auspices of the Revenue Department. They have many more responsibilities than simply the implementation of DWCRA. According to one interviewee this is part of the problem: 'DWCRA is nobody's baby'.

To compare, the World Bank funded DPIP programme, which has very similar objectives, is much better staffed. Here too, there is one Project Director and an Assistant Project Director for the district (the former being an IAS officer, lent out to DPIP). In each mandal there is a Social Organiser and usually three Community Coordinators (CCs). The latter usually live in one of the villages and visit the villages and 'their' groups regularly, attending a large number of group meetings. The DPIP work (very similar to the DWCRA work) is the sole focus of their activities. They are directly recruited for DPIP, and many of the CCs have a post-graduate qualification in social work.

Understaffing is therefore a problem in DWCRA. The number of people involved in capacity enhancement, scaling-up of the groups, promoting and guiding federations of self-help groups, etc. is insufficient. Nevertheless, the programme has several assets. According to one interviewee, DWCRA was allowed to evolve over time. There were some general guidelines, but the Project Directors and the District Collectors had sufficient autonomy to implement their own initiatives. Many districts developed their own model. Another beauty of the programme, according to the same person, is that DWCRA was based on a synergistic relationship with civil society organisations. Local NGOs were sometimes involved in training and/or advising the DRDA field staff. This synergy was partly due to the lack of human resources within DRDA itself, but nevertheless, it often functioned well. Both points contrast with the DPIP programme, according to the same informant, which follows a more top-down approach: the guidelines are developed in Hyderabad itself, and the programme has to be implemented in the same way in each and every context (irrespective of the number of self-help groups that exist already and the activities undertaken by NGOs and others in the past).

It is estimated that approximately 25 per cent of the DWCRA groups are successful. This equates to approximately 100,000 fully functioning groups, which meet regularly, keep their accounts well, give loans to members, have some kind of bank linkage, etc. There are many groups which have been formed just for the sake of getting gas connections through the *Deepam* scheme.<sup>57</sup> About 40% of the groups (160,000 groups) have been given a bank loan. Many of the groups are involved in some kind of self employment activity, but there is a general agreement that it is in this area that DWCRA fails to some extent: there are insufficient opportunities and innovative ideas relating to potential areas for groups to invest in, and how employment and income could be generated. The result is that many groups are involved in the same kind of activity (for instance, pickle making). Some have saved huge amounts of money but no productive investments.<sup>58</sup>

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57 This scheme involved the supply of cooking gas connections to members of DWCRA groups. It was a highly controversial scheme, because it was announced by the TDP government very briefly before the 1999 elections.

58 It is not known whether this money is sometimes invested in shares. Money can also be used by the groups for other than collective productive investments. It is sometimes divided equally among all members of the groups (and then often used for consumption purposes), or the money can rotate among the members.

DWCRA bazaars are regularly organised, attracting attention from the Chief Minister himself. Federations of self-help groups are set up at village, cluster and mandal level. These are sometimes registered under the AP MACS Act.<sup>59</sup> These federations are set up for various purposes, including to 'leverage larger loans, demand government programmes from mandal and district officials, to demonstrate their collective strength and to ultimately improve their lives'.<sup>60</sup>

DWCRA is a Centrally Sponsored Scheme, granted by the Planning Commission, and financed by the Government of India and the state governments. The central government gives 75% of the funds, and the state governments have to provide 25% as matching funds. The whole amount is meant to function as a revolving fund. So, strictly speaking, this is not a grant to the AP government. The expenditure of the AP government on DWCRA is much more than the amount required to match the GoI grants. The latter is around Rs. 60 million per year, but an additional amount of Rs. 440 million is allocated every year for providing more working capital to the groups.

### 4.3 The politics of DWCRA

There are three main issues to discuss regarding the politics of DWCRA. They relate to global, State and local level politics.

#### *Global capitalism and microcredit*

The intriguing question is why microcredit policies have become so popular in the 1990s, not only with NGOs and civil society groups which are working with/for poor people already over a longer period of time, but also with international donors and financial institutions such as the World Bank and the IMF. A very interesting paper addressing this issue is a working paper written by Heloise Weber (2001), entitled 'The imposition of a global development architecture. The example of microcredit'. A summary of the argument follows.<sup>61</sup>

The Post-Washington consensus, according to Weber, is meant to address the limitations of the Washington consensus, a term that refers to the neoliberal orthodoxy that dominated much of the 1980s and the early 1990s. The limitations, which are obvious to many people now, include its negative effects on social justice and poverty. The post-Washington consensus, hence, focuses much more on poverty alleviation. Reduction of poverty has become a conditionality itself of the financial institutions and development agencies. Countries now have to write Poverty Reduction Strategy Papers, in order to obtain loans from the IMF or the World Bank. This policy restructuring for poverty reduction takes a particular form at the global level, and it has pertinent implications for the global political economy (p. 3).

Microcredit plays an important role in the poverty reduction strategies of many countries. Microcredit, according to Weber, 'differs significantly from other targeted poverty reduction strategies in that it is embedded in a commercial framework' (p. 5) and reinforces norms regarding repayment in commercial transactions, contracts etc. Microcredit is now seen as one of the very promising types of interventions to reduce poverty and empower women. There are some critical

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59 The AP MACS Act is the AP Mutually Aided Cooperative Societies Act, 1995. This is a very progressive Act (in the Indian context) which makes it possible for cooperatives (without government share capital) to function with virtual autonomy (i.e. without government intervention in management affairs).

60 According to some of the women involved. From Adilabad trip Report, 3–5 April 2002, APMAS.

61 The same author has also edited a book *The Politics of Micro-credit: Global Governance and Poverty Reduction*. Pluto Press. At the time of finalising this paper, the book was, however, still in press, and could not be consulted.

studies as well, although these have not led to policy rectifications, but only to some changes in the terminology and terms of reference (p. 7).<sup>62</sup>

So, the question is, ‘what really motivates the microcredit agenda?’ (p. 7). According to Weber, microcredit policies serve two main functions in the global political economy.

‘Firstly, as a financially steered targeted poverty reduction strategy, microcredit, via its implications for policy facilitates financial sector liberalisation as well as extends the policy of trade in financial services to the local level. Secondly, microcredit minimalism has a disciplinary potential that renders it particularly conducive to functioning as a political safety-net. In the latter case, it offsets ‘income-insecurity’ and absorbs surplus labour in growing informal sectors. Appropriated as a *political* safety-net, microcredit dampens or contains resistance to the implementation of neoliberal policies at the national and local levels.’<sup>63</sup>

Liberalisation of the financial sector occurred particularly after 1973, following the first oil crisis. Most developing countries were hesitant, but eventually many of them ‘adjusted’ their economies and liberalised their financial sectors, a process that was sometimes ‘facilitated’ by the World Bank and the IMF. The adjustments programmes, however, also resulted in resistance and opposition – the answer to which was the creation of a social fund, of which microcredit was often an important component. The social funds and microcredit generally helped in disciplining the poor, something that was considered necessary, as the social costs of adjustment were not just temporary problems, but rather long-term (p. 16). The need to counteract the rising resistance to the adjustment programmes was not just felt by the national governments, but also by the IMF and the World Bank.<sup>64</sup>

Microcredit supports the further advancement of the global financial system. By facilitating and stimulating an enabling environment for microcredit, the World Bank works towards an enabling environment for the financial service sector. It is with the help of the poverty reduction agenda that financial sector reform can be legitimised (p. 19).

Weber’s paper is a rather functionalist and structuralist interpretation of the microcredit phenomenon. What is really underemphasised in her paper is the way in which microcredit can have contradictory effects. Her argument may be partly correct, but at the same time it may still be that microcredit programmes in some particular contexts have helped to raise incomes or empower particular groups of poor people. Whether that, in the longer term, will give rise to political mobilisation, and what the form of that mobilisation would be (i.e. contesting the mainstream economic policies or not) remains to be seen, but that this empowerment may take place (and sometimes *has* taken place) cannot be denied and should be taken into account.<sup>65</sup>

Nevertheless, hers is an interesting interpretation, and a good counterpoint to the ‘microcredit as panacea’ kind of optimism. It does raise the questions how the rise of microcredit in AP should be explained. It can be observed, indeed, that the reconceptualisation of DW CRA as a microcredit

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62 To quote from Weber (2002, p. 7), ‘Thus, where the widespread use of microcredit for purposes other than investment for self-employment prevails, policy makers now refer to ‘consumption smoothening’. The equally widespread practice of poor clients borrowing from one NGO (and/or microcredit finance institution) to pay off the other is simply referred to as ‘cross-borrowing’ or ‘over-lapping’. The taking of new loans to service repayment of old loans is referred to as ‘pyramid loans’ system.’

63 The evidence that Weber gives for these arguments is not so much that microcredit has, indeed, had these effects, but that it was intended to have them. Note 31, page 7 states that ‘the case of Bangladesh is illustrative as an example of how the dual purpose of microcredit functions. In 1996 the World Bank authorised a poverty alleviation microfinance project for Bangladesh. This project is also recognised as part of an overall strategy for financial sector liberalisation. See World Bank, *Bangladesh, Poverty Alleviation Microfinance Project*, p. 15. Prior to this, in 1995 a report on privatisation and adjustment in Bangladesh cited microcredit as a strategy to overcome potential resistance to this agenda. See World Bank, *Privatization and Adjustment* Washington DC, World Bank, 1994, p. 49.’

64 The main example given in the paper in this context is the Emergency Social Fund in Bolivia.

65 In AP and Maharashtra it has been found that, indeed, some groups have moved beyond their immediate concerns of thrift and credit and have started to address wider development concerns, thus challenging dominant political interests and gender relations. (Personal communication with Priya Deshingkar.)

scheme and the increased popularity of the programme, more or less coincide with the explicit adoption of several economic reform policies. Large scale lending from the World Bank started after the mid 1990s, and the World Bank itself is now also funding a new (but very similar to DWCRA) kind of microcredit programme – the District Poverty Initiative Programme. Whether these programmes were meant to liberalise the financial sector further and to bring global financial institutions to the local level, is to be investigated. But that these programmes were meant to counteract political resistance at the local level and create more political support for the ruling (and reforming) government is very likely (see also below.) It would also be interesting to investigate the extent to which DWCRA (and similar schemes) helped to absorb rural surplus labour – and in that way undermined political resistance from un(der)-employed landless poor people.

A recent development that may support Weber's thesis about the usefulness of microcredit for advancing capitalist development, is the fact that the multinational company Hindustan Lever has approached federations of self-help groups and has offered them the dealership of some of its products. For Hindustan Lever the benefit is obvious: without investing anything themselves a new potentially huge market could be opened up, initially for soaps and shampoos, but later perhaps for more costly consumer goods. The company does not have to invest much; there is sufficient money available, and the women involved would be their agents and potential consumer groups at the same time. The extent to which this kind of activity will really take off, and the longer term impacts it may have on DWCRA groups and consumerism in rural areas remains to be seen, but these could potentially be considerable.

### 4.3 State politics and DWCRA

Not much has been written about the role of DWCRA for the ruling party, but it is an important issue. We have to locate this scheme in the history of populism in Andhra Pradesh generally, including the appeal to the women's vote.

Andhra Pradesh has a history of populist policies. The Telugu Desam Party (see previous Chapter) had won the elections in 1982 with a landslide victory, and had introduced a major populist scheme, the Rs. 2 per kilo scheme. This made N.T. Rama Rao (NTR) and the party very popular, especially among women. N.T. Rama Rao lost the elections in 1989, but came back in 1993. Again, promises regarding food played a role. But at this time, there was another major issue: the anti-*arrack* movement. From 1992–3 women's groups had formed in various parts of the State, campaigning for of a ban on *arrack*. This movement was strongly supported by the media, in particular the Telugu newspaper *Eenadu*. The TDP also supported the anti-*arrack* struggle and N.T. Rama Rao promised that he would introduce prohibition if he came to power. Indeed, on the day he took office, he signed the prohibition bill. He also reduced the prices in the rice scheme, and it became a Rs. 2 per kilo scheme again.

In 1995, there was a coup within the TDP. N.T. Rama Rao lost his position and his son-in-law Chandrababu Naidu took over. He had been in charge of party organisation and had been the Finance Minister in the N.T. Rama Rao government before the coup. His take-over was supported by a large number of members of the AP legislative Assembly and also by sections of AP's business class. According to one observer:

'N.T. Rama Rao's quick implementation of policies such as prohibition of liquor, Rs. 2 per kilo scheme and other subsidy related schemes had adversely affected the interests of the classes that have developed strong links with the ongoing reforms. It is instructive to note that the emergence of regional entrepreneurial class with its strong roots in the surplus generating agriculture (...) in coastal Andhra, developed interests in promoting the regional party like TDP, right since its inception. Thus, the TDP's prospects are closely linked to the interests of this

class. (...) However, NTR's enthusiasm to pursue the populist agenda (...) is found to be unsuitable by this class. NTR was, thus, subsequently alienated from the dominant forces, which traditionally backed up the party (...)' (Krishna Reddy, 2002; p. 875)

After taking over, Chandrababu Naidu raised the subsidised rice price again and reduced the quantity of rice to be distributed. He also lifted prohibition. He increased water cess and electricity charges.

Despite possessing other qualities, Chandrababu Naidu did not have the charisma of N.T. Rama Rao. He therefore had to find another image, source of popularity and support base, that would distinguish him from his well-known and very popular predecessor, and present him as a ruler in his own right. This was particularly important since he had reduced several of the subsidies and programme that had helped in raising N.T. Rama Rao's popularity. He established this new image through his association with computers and technology. In a short period of time his government became associated with new technologies to the extent that that Hyderabad is nicknamed as 'Cyberabad'.

DWCRA, and generally the attempt to establish self-help groups and committees (water users associations, watershed committees, etc.) in rural areas can probably be interpreted as an attempt by Chandrababu Naidu to strengthen his support base in rural areas. These programmes, including Janmabhoomi (bringing government to the door-steps of the people) were an attempt to strengthen the TDP's support base at the local level. They mark the introduction of a new form of populism: away from universal populism towards targeted populism. The accompanying discourse is also no longer 'donative' (with its emphasis on the charitable government/leader who gives handouts), but focuses on empowerment, self-help and stakeholders. In fact, 'making a stakeholder of every citizen' became one of the driving ideas behind many of the new schemes and policies. So, DWCRA can be seen as an example of a wider trend: away from universal populism towards a targeted populism, and away from a donative discourse towards a self-help discourse. At the same time, it was a continuation of the earlier TDP policy in the sense that DWCRA addresses women in particular, like the Rs. 2 per kilo of rice scheme did to a certain extent and prohibition did much more specifically.

Chandrababu Naidu's strategy has paid off and women have remained TDP supporters. In the 1996 Lok Sabha elections, 40.6% of the men voted for TDP and 50.3% of the women. In the 1998 elections it was 36.7% of the men and 45.7% of the women (Suri, forthcoming; Table 5). TDP is, thus, relatively popular among women. It is likely that DWCRA plays a role in this, partly because women feel they are taken seriously,<sup>66</sup> and also because money and other benefits are distributed through DWCRA. The way in which this political bonding takes place would be an interesting subject to study in more detail.

Another interesting question is, of course, what the relationship is between the new targeted populism and the self-help discourse on the one hand, and the economic reform process on the other. Krishna Reddy (2002) has argued in relation to the Janmabhoomi scheme that this scheme has helped Chandrababu Naidu to depoliticise development. By focusing mainly on local issues, many of which are related to governance in a rather technical sense, Chandrababu Naidu would have succeeded in insulating the reform process from democratic procedures and people's participation (which was by and large reduced to non-economic issues). It therefore helped him to go ahead with the reform process. This account is not very convincing. It may be that this depoliticisation was one of the main objectives of Janmabhoomi and of the various targeted schemes and the self-help group based type of development (but even that needs to be proved).

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<sup>66</sup> Chandrababu Naidu is even writing occasional letters to all DWCRA groups to consult them about policy matters, such as changes in electricity tariffs.

There is, however, no *a priori* reason to assume that the various groups of stakeholders and beneficiaries would let themselves capture without any opposition in the way Chandrababu Naidu wanted to have them captured. Why would new arenas (such as self-help groups and Janmabhoomi are or can become) not have unintended effects, in the sense that they would provide new platforms for social mobilisation, which could possibly result in new challenges and threats to the government and its economic policies?

But what can be said is that targeted populism fits better with liberalisation policies than universal populism, since it is likely to be cheaper. It is also true that a self-help discourse fits the present economic policies better than a donative discourse. A donative discourse assumes a large role of the State; the State as father, mother and chief patron. A self-help discourse assumes that people have to take more responsibilities themselves and that the state should be a facilitator rather than the chief provider.

### *DWCRA, women's empowerment and civil society*

A microcredit/self-help group programme like DWCRA can affect local relations in at least three ways. The first is through its impact on the position of money lenders. One might expect that local money lenders have lost business to a certain extent, now the women are saving themselves, give loans to each other and have access to institutional credit. With regard to Bangladesh, there are documented instances of money lenders resisting the activities of the Grameen Bank. Interviewees reported no problems with moneylenders. It would be interesting to explore this relationship between DWCRA (and similar schemes) and moneylenders further.

The second impact relates to gender relations. The first impression one gets when speaking with members of functioning DWCRA groups is that these groups have had an impact on women's empowerment. Most women interviewed were very articulate and self confident, and claimed that DWCRA had made an immense difference to their lives. 'Now we come out of our houses', 'we hold meetings together', 'we discuss things together', 'we have to go the bank and talk to bank staff', 'we are no longer on our own, but have developed a sense of community', 'we think about community development issues, and not only about our own households' etc. are all common statements. Also other people interviewed state that 'phenomenal things have been done in some districts', or that 'the gains have been many'.

In order to assess the political implications of this, it might be useful to recall two kind of distinction that are made in the literature on gender policies, namely between 'Women In Development' (WID) approaches and 'Gender And Development' (GAD) approaches, and between practical and strategic gender needs. To explain briefly (see, for instance, Kabeer, 1994), the main purpose of the WID approach is to make women visible. WID was based on the conviction that if only planners and policy makers would see women and their concrete and valuable contribution to the economy, women would no longer be marginalised in the development process. So, misconception and misinformation were seen as the main problems. Women are important in the economy. Neglecting their (potential) contribution is bad economics. In short, the main concern was: how can it be ensured that the benefits of modernisation reach women (because due to cultural and other factors, they do not reach them automatically).

The shift from WID to GAD, from women's issues to gender relations, was an attempt to bring power relations between men and women within the focus of attention. Feminists claimed that looking at women only led to further isolation. Women received attention, but this happened without looking at the wider society (including gender relations) in which women had to live, and which perpetuated their marginalised existence. GAD, therefore, focuses on women *and* men. It aims to look at the totality of



social organisation, at production as well as reproduction. Moreover, it stresses power, conflict and gender relations in understanding women's subordination. It regards women as agents of change, rather than as passive recipients of development assistance.

The other distinction that is often made is that between practical and strategic gender needs. Practical gender needs are the needs identified to help women in their existing subordinate position in society. They do not challenge the gender divisions of labour or women's subordinate position in society. They are a response to an immediate perceived necessity and often are concerned with inadequacies in living conditions, such as water provision, health care, employment, income. Strategic gender needs, on the other hand, are the interests identified to transform existing relations of subordination. They relate to power and control, and may include issues such as legal rights, domestic violence, equal wages and women's control over their own bodies.

The question one can pose is whether DWCRA should be seen as an example of WID or of GAD, and whether it addresses mainly practical gender needs or also strategic gender needs. The Government of Andhra Pradesh (1998, p. 7) lists the following criteria for empowerment through DWCRA/SHG approach:

- to enjoy equal status with men in the family;
- to live in dignity (freedom from humiliation);
- to meet basic needs like drinking water, fuel for cooking nutritious food for the family, safe livelihood and adequate shelter;
- self sufficiency;
- health and education;
- government within reach;
- decision making capacity within and outside the household;
- leisure;
- freedom from violence, conflict, war;
- mobility;
- ability to make choices.

This is an impressive list of criteria, which includes both practical as well as strategic needs, and addressing these would be more a GAD than a WID approach.

Reality, however, differs from good intentions. In reality, it seems that DWCRA, like most microcredit schemes,<sup>67</sup> is primarily a WID scheme, meant to bring women into the mainstream: helping them to become economic entrepreneurs and to participate more fully in the society and economy. The basic idea is that women need development (schooling, health care, infrastructure, markets etc.), and development needs women (their help is essential in raising school enrolment rates, bringing down infant mortality rates, etc.). Patriarchy itself is not questioned in the programme. Important issues such as literacy and family planning are taken up – and quite successfully in some districts – but other obvious strategic gender needs such as child marriages<sup>68</sup> and dowry are not addressed at all. It might be that this is a matter of time: once the women have fulfilled some of the practical gender needs, it might be that they start raising these strategic gender needs, but this is still to be awaited. It could be interesting to investigate whether (or to what extent) this is happening already in some of the very ‘advanced’ and well functioning groups, or under which conditions this awareness about strategic gender needs would be more likely to develop. After all, even if the government or the male family members would not be in favour, it is possible that the programme creates an internal dynamic, which was nobody’s intention in the first instance,

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<sup>67</sup> See Cheston and Kuhn (2002).

<sup>68</sup>Fifty per cent of the girls in Andhra Pradesh marry before they are 15 years and 5 months old.

but which would mean that under certain conditions it would stimulate a challenge to patriarchy itself.

The third possible way in which DWCRA/self-help can affect local relations is through its impact on civil society, social capital and NGOs. This issue has hardly been explored in the literature generally (let alone in the literature on Andhra Pradesh). A small survey of the participants of the 1999 Microcredit Summit proved that these impacts are considered to be substantial.

[Micro Finance Organisations] were asked, 'What are the most important impacts of the credit and other financial services your organisation provides?' Out of the following list, they were asked to rank all of the impacts that they felt applied to their organisation (1 being most important, 2 being the second most important, etc): develop financial skills, create jobs, improve incomes, reduce fertility, improve environment, create business skills, and social cohesion. Of the 147 who responded, almost exactly 50% (74) listed social cohesion as one of the most important impacts that they felt their financial services provided. Of these respondents, 35% felt it was the first or second most important impact they provided.' (Leigh Anderson et al., 2002).

It is probable that DWCRA women would support this conclusion, and interviewees stated that 'previously we were on our own, but now we are together' a number of times. The impression that several women gave is that their awareness about wider development issues had risen since the movement took off. The extent to which this coming/being together has really reduced transaction costs for collective action is something that would need further investigation.

As mentioned above, DWCRA seems to be implemented in a flexible way. As one of the respondents mentioned: it was allowed to evolve over time. There was collaboration with local NGOs, partly also because there was a lack of human resources in the programme. This seems to be different in the DPIP programme, which is presently implemented in six districts in Andhra Pradesh, but it will be expanded to almost all other districts (i.e. to the poor mandals within these districts). DPIP is funded by the World Bank and well staffed, compared to DWCRA. The approach seems to be prescriptive and uniform rather than flexible and context-specific. According to one informant, the initial project (when it was still UNDP funded) was very detrimental to local NGOs. DPIP has a kind of 'overpowering' approach. It comes in with a lot of manpower and money, and assumes that nothing was there before it came. In the process, self-help groups that exist already are subsumed. The idea is that 'there are already sufficient players and that NGOs are not needed. They would only distract from the policy guidelines by bringing in further complications'. NGOs, according to this informant, 'tend to think that thinking and implementation should happen in the same locality. DPIP is based on the idea that thinking has been done; what matters now is implementation'. The result of this approach could be a weakening of local NGOs. The extent to which this is really going to happen is, of course, still to be awaited (and investigated).

#### **4.4 Conclusions and research possibilities**

DWCRA can probably be called a successful scheme. It has helped to empower women (in the sense of making them more self-confident and financially stronger and more independent). It is also likely that the programme has helped to create a wider support base in the rural areas, especially among women. The weakness of the programme is that it has proved to be very difficult to generate sustainable and profitable (self) employment for women. As a result, there are women's groups with large savings but without productive investments. But, perhaps, it is also possible to call it a successful programme from another perspective. It might well be that it has helped to create support for the ruling TDP party, especially among women, that it has helped to contain opposition against

the reform policies, and that it has helped to integrate rural people in the global world of finance capital.

A number of issues for further research follow from the preceding section on the politics of DWCRA. First, there is the wider issue about the relationship between women-self-help-and-credit on the one hand, and the advancement of capitalism in rural areas on the other. Has there been a relationship between the two in AP? If so, what kind of relationship? What will be the effect of DWCRA and similar initiatives on capitalism in the rural areas? An investigation of this subject would require not only observations and interviews at the local level (with DWCRA group members, bank managers etc.) but also at the State level (politicians, bank managers, industrialists such as Hindustan Lever) regarding credit policies and changes therein, and the ways in which these agents think they can make use of the DWCRA groups, increased demands for credit etc. It would also involve the analysis of consumer expenditure data etc. Furthermore, it would require tracking down the changes in the state financial policies and the way in which these changes were legitimised and contested.

Second, there is the question of empowerment and strategic versus practical gender needs. Under which circumstances is it possible (or would it be possible) that DWCRA groups start raising strategic gender needs, related, for instance, to dowry or child marriages? Are there examples of 'advanced' groups in which these and other feminist issues have been raised and in which the women in the groups have, for instance, agreed not to accept any dowry when their sons would get married? A study of this subject would involve a careful selection of the most 'advanced' DWCRA groups and then try to find out what the conditions have been that made them more critical of the patriarchal system than most other DWCRA groups.

Third, there is the issue of civil society organisations and what government or World Bank sponsored schemes do to them. DWCRA, it seems, has worked together with NGOs, but according to several informants, DPIP is weakening local NGOs, because of its 'overpowering' and over-resourced (with regard to staff, but especially with regard to funds for self-employment activities) approach. This study would require fieldwork over a longer period of time in some rural areas, where the progress of the credit programme and the development/marginalisation of the NGOs would be observed and documented.

## 5. Summary and Conclusions

### 5.1 Welfare policies in Andhra Pradesh

This report has discussed three types of welfare policies that exist in Andhra Pradesh: the set of policies meant to protect the welfare of weavers; the public distribution system and the Development of Women and Children in Rural Areas programme. Each of these (sets of) policies has been described, with particular focus on the politics of the policies.

A pragmatic approach has been taken when discussing the politics of these three policies. An *a priori* framework was not used, but the discussion was led by what seemed important political issues. These issues ‘presented themselves’ in the literature and in the (limited number of) interviews with a variety of stakeholders. This resulted in diverse sets of political issues. Nevertheless, looking back at the three sections on ‘the politics of policies’, there are a few themes that are apparent and worth mentioning.

First, the wider context of the various policies. This subject has received explicit attention in the discussion of DWCRA, where the development of finance capital, and the international financial institutions promoting microcredit policies are mentioned. This international context is, however, also present in the other two case studies. The National Textile Policies of India take international trade agreements into account, and aim to prepare the Indian textile industry for the international market. In the case of food policy and the PDS, it is possible to see the international influence in its (re)shaping in the 1990s. The World Bank has put pressure on India to reduce the subsidy and introduce targeting. Targeting was introduced, indeed, but the result has not been a reduction of the subsidies. There have been some suggestions that AP should also target and reduce its food subsidy, but apparently, the pressure has not been very strong. It can, however, be expected that in the future the WTO will have an important influence on Indian agriculture and on food policies.

A second theme is actually a question: why is it that certain welfare policies succeed and others fail in terms of their official objectives? After a review of only three policies, it is difficult to answer this question with some authority, but one factor that became clear in these cases is the importance of a committed political leadership. A strong commitment of the political leadership existed in the case of the Rs. 2 per kilo of rice scheme in the 1980s as well as in the case of DWCRA in the 1990s. This political commitment is absent in the welfare policies for weavers. In fact, these policies come as a very meagre add-on to the National Textile Policy, and it is this national policy that really matters to the handloom weavers. Apart from the official objectives (to give cheap food to poor people and to improve the quality of life of rural women and children), both the Rs. 2 and the DWCRA scheme also had political objectives. The achievement of these political objectives was and is conditional upon the achievement of the other/official objectives. The fact that these two types of objectives coincided with each other helped in sustaining political commitment and in making the policies a success.

A second factor explaining the success of some policies suggested above, particularly in the discussion of the Rs. 2 per kilo scheme, is the issue of whether schemes/policies address only one constituency or more constituencies. The Rs. 2 per kilo scheme offered something to many different interest groups: consumers, producers, millers and traders, politicians etc. This characteristic made the scheme politically sustainable, even though it is/was a very expensive policy.

Is there a general lesson here for welfare policies? Is the general lesson that policies should preferably not be targeted, but broad based and address different types of groups (including some politically vocal groups) simultaneously? Of course, it is impossible for policies to suit all classes in

society equally. India is a polarised society and there are fundamental conflicts of interest that can never be overcome by cleverly formulated policies. Yet, coalitions in support of policies – as far as possible – are necessary to attract sufficient funds and to make people work for them. Some people might react to these suggestions by arguing that policies that try to cater for various interests are not radical enough, and that farther-reaching redistribution is necessary, such as, for instance, land reform. Unfortunately at the moment such redistributive policies do not figure on the political agenda at all. Instead, what seems within the limits of possibility, is to frame policies that appeal to many people, but trigger a dynamic towards political awareness and mobilisation of the underprivileged classes. In the long run, it is hoped, this increased awareness and political mobilisation could help to place more radical redistributive policies on the political agenda.

The third issue is the potentially empowering effects of (populist) welfare schemes. DWCRA is a more promising programme in this respect than the PDS. There is a clear empowerment potential built into the programme. However, if monitoring of the PDS were more decentralised and if the local food advisory committees gained a more prominent role, it would more likely that the policy could become instrumental in empowering local people. What this suggests is that it is not only the content but also the form of a policy that can induce particular political effects.

The observation that some government policies might be empowering is also made by other authors. Robinson (1988), in a study of local politics in Medak district in AP, shows the positive (but unequal) effects of various government programmes on the welfare of lower caste people and the implications this has had on voting patterns, i.e. away from vote banks and towards individual voting. Harriss (1992) comes to similar conclusions on the basis of long-term research in North Arcot in Tamil Nadu. With the old system of managing political power (based on vote banks and labour control) breaking down, ‘politicians came under pressure to deliver, even to the poor’ (Harriss, 1992; p. 222). That this may be more of a south Indian than a north Indian phenomenon is suggested in Mooij, 1999b, in which food policy implementation in Karnataka and Bihar are compared. While Karnataka politicians cannot get away with empty promises – because people expect some delivery – in Bihar, the general disillusionment with the government and the bureaucracy is so widespread that there are no expectations. The positive dynamic that one can see in Karnataka of ‘programmes – delivery – raised expectations – creation of a sense of rights – public demand – empowerment – a more responsive government – etc.’ has not developed in Bihar. Instead, there is another (negative) dynamic: ‘poor governance – poor implementation of programmes – no expectations of the government – general disillusionment – increased popularity of ‘tough guys’ as elected representatives – criminalisation of politics – poor governance’. The cases in which the positive dynamic emerges, i.e. where a sense of rights and empowerment develops, clearly show how important the role of the state can be (and potentially, what the longer-term negative effects of a state withdrawal could be.)

Fourth, there is the issue of how populist policies may help governments to pursue other projects simultaneously. Populism has been an important issue in the discussion of the PDS and the Rs. 2 per kilo of rice scheme, and also in the discussion about DWCRA. The suggestion is that there seems to be a shift away from universal populism (as reflected in the Rs. 2 per kilo scheme), to a more targeted populism (as reflected in DWCRA). Simultaneously, and related to this, there seems to be a move away from a donative discourse, focusing on a charitable and benevolent government that ‘gives way’, to a discourse focusing on self-help, empowerment and ‘citizens as stakeholders’. There are probably pragmatic reasons for this shift in discourse (targeted populism can be cheaper, and is perhaps more effective), but that a discourse focusing on self-help also fits better in the present economic and ideological climate, in which the role of the state is reconceptualised from a ‘provider’ to a ‘facilitator’.

Populism, has only been one face of the various regimes, and it is important to understand it in relation to the other face of the regime. This other face would perhaps not be sustainable, if state populism had not been there. In the case of the the early 1980s, the Rs. 2 per kilo scheme made it possible to present the TDP regime almost as a welfare state. Simultaneously, however, various kinds of policies which would have had the potential to improve the economic position of the poor in structural ways, were violated by the government itself or neglected. In this way, the regime succeeded in not antagonising the landlords and employers, while simultaneously doing something for the poor.<sup>69</sup> In the latter half of the 1990s, populist schemes such as DWCRA and other schemes, helped the TDP regime to implement the economic reform policies. The regime could implement these reforms without losing the support of people who do not benefit significantly from them,<sup>70</sup> and who may not all become poorer in absolute terms, but certainly in relative terms (as the reforms have, no doubt, increased social inequality and the visibility thereof).

## 5.2 *Politics of policies*

Although a pragmatic approach to ‘the politics’ of policies was taken, it is possible to distinguish three different ways of looking at the politics of policies. Or, in other words, it may be possible to distinguish between three meanings of the word ‘politics’ in the phrase ‘the politics of policy’. Related to the different meaning of ‘politics’, there are also different conceptualisations of power.<sup>71</sup>

An initial way to look at ‘politics of policy’ is to conceptualise policies as political technologies. Policies embody particular problem definitions and particular ways of thinking. Policies define problems in particular ways, and these ways of thinking are then generalised and internalised, not only by those who design the policies, but also by sections of the ‘target group’ or civil society generally. An example is the way in which the textile policy has worked. It embodies a conception of markets and of technology that becomes unquestionable, and it becomes very difficult to think of alternatives. Policies, in this sense, do not only work on people but also through people.

The underlying concept of power is a kind of invisible (Foucauldian) power, that works through interpretations, through concepts, through meanings. It controls thought processes and eliminates the possibility of thinking of alternatives. Of course, this closure is never complete, and meanings remain contested. For progressive politics, this means that what is required is exactly that: the development of alternative frameworks, alternative paradigms to think about particular problems and their possible solutions.

A second way to look at ‘politics of policies’ is in terms of policy arenas. Policy processes are often conceptualised in terms of stages, which are thought of in a linear or circular way. What seems more interesting is to conceptualise these ‘stages’ as arenas: there is an arena of agenda setting, policy formulations, policy institutions are arenas; there is an arena/interface between ‘street level bureaucrats’ and the target group etc. Different actors or stakeholders are important in these various arenas, and different things are at stake in the various arenas. Outputs of one arena (policies, decisions, agendas, rules) are used as resources in other arenas. The contestation and negotiation in the various arenas is about interpretations and meanings, but also about who gets what kind of benefits.

This interpretation of ‘the politics of policy’ – basically a bargaining approach – was, for instance, important in my discussion about policy implementation in the handloom sector or the discussion about ‘food and politics at the local level’.

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69 See Olson (1989).

70 See Krishna Reddy (2002).

71 See also Keeley and Scoones (1999).

Power, in this interpretation of ‘politics’, is more tangible than in the first interpretation. Some people have more power, others have less power, depending on their resources, which can include diverse assets such as money, knowledge, land, social networks, etc. From a ‘change’ perspective, what is needed is to increase the scope for primary stakeholders to be involved in the policy process. In other words, the policy process has to be made more participatory, and a ‘level playing field’ has to be ensured, by making sure that the poor and powerless stakeholders also become better endowed in terms of information and other resources.

A third way of looking at ‘the politics of policy’ is by focusing on the role of formal politics, that is political parties and politicians. Especially in a country like India, the relevance of this type of politics in policy making and implementation cannot easily be underestimated. There are different kinds of politicians (State leaders, MLAs and local politicians) and as the discussions above have showed, they are very important in policy formulation and promotion of particular policy agendas (such as in the Rs. 2 per kilo scheme and DWCRA) but also in policy implementation, where they interfere frequently in the day to day processes of implementation.

The concept of power here is related to the ballotbox. Power is legitimised in elections, in which voters express their confidence in particular parties and/or leaders. Since many of these leaders are corrupt, the issue, from a change perspective, is that of accountability of the elected leaders and increasing the quality of the democratic process.

### **5.3 Research methodologies**

This report, has included various suggestions for possible further research. These will not be summarised here, but three points should be mentioned. First, it is important to distinguish between ‘research for knowledge’ and ‘research for action’. Some of the research proposals made above are clearly immediately relevant for possible action: improvement of the quality of the policy process. Other proposals are aimed at developing more knowledge about a particular policy process. Even though the prime objective of such research is a better understanding of the policy process, this type of knowledge can also be very relevant in the longer term for strategic intervention in the process. A second point is that almost all proposals for possible further research involve very diverse methodologies and insights from various disciplines. It is important to remain open minded and let the questions determine the methodology rather than the reverse. For some research questions quantitative research methodologies may be appropriate, but for many qualitative methods may be better suited. A third point relates to the necessity to do research at different levels: at the local level, but also at the district, State, Central or global level. Which levels are relevant depends on the particular question to be investigated, but almost all questions require research at two or more levels. It is only when one switches between levels that one can start to find out how policies are reformulated and transformed in the process.

Research along these lines is not very common in India. Generally policy research focuses on outcomes, the main research methodologies are quantitative and the dominant discipline is economics. In order to improve our insights into the politics of policies, it is, however, necessary to shift to other research methodologies and to other disciplines. Fieldwork becomes a necessity; open-ended interviews, observation, policy discourse analysis etc. are all to be used in order to understand the processes at the various levels of governance and in the various policy arenas. It is hoped that this report, by suggesting some themes and questions, in whatever modest way, will contribute to more such studies.

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## **Appendix**

### **List of people interviewed for the study on weavers policies**

- Prof. Dr. K. Srinivasulu, Osmania University, Hyderabad, 2.1.2001
- Mr. Sameer Sharma, IAS, Director Handlooms and Textiles and Managing Director APCO, 8.1.2002 and 11.2.2002
- Uzra Bilgrami, M. Sambhavi and Seemanthini Niranjana, Dastkar Andhra, 8.1.2002
- Several weavers in Pedana Mandal, Krishna District , 15.1.2002, 16.1.2002 and 17.1.2002
- Mr. Krishnaiah, Development Officer, Directorate of Handlooms and Textiles, Machilipatnam, 16.1.2002
- Office bearers of a Cooperative Society, Pedana Mandal, Krishna District , 16.1.2002
- Master Weaver in Pedana Mandal, Krishna District, 17.1.2002
- Dr. Kanakalatha Mukund, Centre for Economic and Social Studies, Hyderabad, 6.3.2002

#### On the dwacra programme and self-help groups

- Several DWCRA and other women's groups in Eskota and CH Agrahalli, Vizianagaram district, 10.1.2002
- Several DWCRA and other women's groups in Ranastalam Srikakulam district, 11.1.2002
- Representatives of various self-help groups in K.V. Pally and Sadum, Chittoor district, 21–22.2.2002
- K.S. Gopal, Centre for Environmental Concerns, discussions, 21/22.2.2002
- R. Akhileshwar, Deccan Herald, 14.3.2002
- Mrs. C.S. Rama Lakshmi, Commissioner Women Empowerment and Self Employment, 16.3.2002
- C.S. Reddy, Mahila Abhivruddhi Society Andhra Pradesh, 12.4.2002

#### On the public distribution system

- Several villagers, Narayankhed Mandal, Medak district, 12.2.2002
- PDS dealer, Narayankhed Mandal, Medak district, 13.2.2002
- Mr. Taher, president of PDS dealers association, Mandal level, Medak district, 13.2.2002
- Mrs. Sujamma, Mandal Revenue Officer, Narayankhed Mandal, Medak district, 13.2.2002
- Dr. S. Indrakant, Osmania University, 14.2.2002
- Pusthe Babu Rao, President AP Fair price Shop Dealers Welfare Federation, 22.4.2002

K.R. Venugopal, retired IAS, 25.4.2002