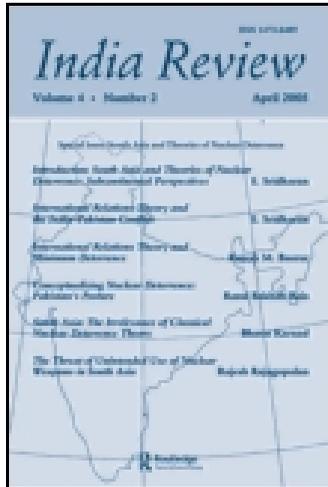


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Social Protection in India: A Welfare State Sans Public Goods?

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Social Protection in India: A Welfare State Sans Public Goods?

DEVESH KAPUR and PRAKIRTI NANGIA

Introduction

Since the late 1990s, the Indian state has both expanded the ambit of social and economic rights for its citizens as well as launched major programmatic initiatives. Cumulatively these measures (weak as they may be) have woven safety nets for social protection and provide rudimentary underpinnings of a welfare state.

Of the two principal components of social welfare policy—basic public goods (especially public services) and social protection—India has focused disproportionately on the latter in the last two decades, expanding existing social protection programs and creating new ones. By contrast, the country’s basic public services, such as primary education, public health, and water and sanitation, have languished. What explains this uneven focus? Why has the Indian state attempted to advance social welfare via social protection rather than through better provision of public goods? As Indira Rajaraman has pointed out, the “entitlement state in Europe came well after governments had delivered on their core role as providers of public goods.”¹ Can a welfare state superstructure be built without a strong foundation of public goods?

We develop our argument as follows. First, given the analytical elasticity on what constitutes social protection (SP) we define the concept and outline its major policy instruments. Next, we discuss the primary social protection programs in India and show that these programs have grown rapidly since the beginning of the millennium. We then examine trends in a sub-set of public goods, specifically social sector linked public service spending, showing that this has lagged spending on social protection. The penultimate section addresses why India has preferred social protection over the provision of basic public services and argues that it stems from a combination of political, ideational, and institutional factors rooted in India’s political economy. We conclude that by emphasizing social protection, India has prioritized coping and curative measures over prevention—a path more akin to that taken by Latin America than East Asia.² If an ounce of prevention is worth a pound of cure, the priorities of the Indian state appear to be misplaced.

Before we proceed two caveats are in order. Although responsibility for social welfare policy is shared between the central and state governments in India, many of the major social protection programs in the last few years have been initiated and funded

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by the central government. For this reason and due to limited space, we focus our analysis on the central government.³ It is possible that our claim that spending on SP has risen at a quicker pace than that on public services may not hold true if we include state level expenditures in our analysis. Nonetheless, we believe our focus on central government expenditures is warranted for four reasons. First, while the Constitution give states primary responsibility for many public services, it does not preclude the central government's participation in these areas, whether in financing or in social-sector policymaking.⁴ Second, state governments receive crucial financial assistance from the center (both Plan and non-Plan) to help them provide basic public goods in the social sector, so it is important to examine spending patterns of the central government.⁵ Third, available data on a key social sector, health, finds little change in health spending by states over the X and XI plan.⁶ Fourth, the center wields considerable influence on the policy priorities of states, and this influence appears to have become stronger in recent years, especially in the case of education policy.⁷ For these reasons we believe that spending patterns of the central government—also known as Government of India (GoI)—present an important, albeit partial, picture of social-sector priorities in India.

The second caveat is that as the sections below make clear different systems of social protection are available to different segments of the labor market in India. In this article we focus on the mechanisms available to informal sector workers both because they form the vast majority of the labor force and because most changes that have taken place in the last fifteen years relate to this group.

Conceptualizing Social Protection

Social protection is generally understood as an effort to attenuate vulnerability to some type of risk. Literature from various disciplines offers many definitions of risk and vulnerability.⁸ While this is not the place for a systematic review, we note that the element common to these definitions is the idea of a future state of being that is (perceived to be) worse than the present. For the purpose of this article, then, risk is an untoward event, and vulnerability is the likely loss resulting from that event. The same risk can therefore be associated with different degrees of vulnerability for different individuals depending on factors such as access to resources and extent of preparedness.

Extant definitions of social protection reflect this focus on risk (see [Table 1](#)), but they are inadequate for four main reasons. First, many definitions are operational rather than conceptual in nature. They comprise lists of the specific risks SP addresses without a theoretical rationale for why these risks should be grouped together. Second, some definitions identify the term through the policy instruments used to operationalize it rather than articulate clearly its primary function. Third, the definitions that attempt to capture the conceptual essence of SP are often too vague to be practically useful. They do not help distinguish SP programs from other social policies. And finally, existing definitions are inconsistent with each other. The lack of agreement in the literature on what constitutes social protection limits the comparability within a burgeoning literature on SP.

TABLE 1
SOME POPULAR DEFINITIONS OF SOCIAL PROTECTION

| Source | Definition | Problem |
|----------------------|--|---|
| ILO | “The set of public measures that a society provides for its members to protect them against economic and social distress that would be caused by the absence or a substantial reduction in income from work as a result of various contingencies (sickness, maternity, employment injury, unemployment, invalidity, old age, and death of the breadwinner); the provision of health care; and, the provision of benefits for families with children.” ⁹ | Relies on a list of risks without explaining what unites these risks |
| European Communities | “specific set of actions to address the vulnerability of people’s life through social insurance . . . through social assistance . . . and through inclusion efforts.” ¹⁰ | Focuses on the tools of SP rather than its substance |
| UNDP | “policies designed to reduce people’s exposure to risks, enhancing their capacity to protect themselves against hazards and loss of income.” ¹¹ | Very broad ambit; does not distinguish SP from social policy in general |

Borrowing and modifying from existing literature, we define social protection as a set of public programs designed to mitigate or cope with the adverse effects of risks to income security and physical well-being.

We define SP in this way for three reasons. First, given the range of types of risk management strategies—informal (kinship networks, for example), market-based (such as private insurance schemes), and public (state-funded programs or state-mandated labor laws)—in this article our specification of social protection refers to *public* programs only.¹²

Second, the core of social protection is risk management, which in Holzmann and Steen’s (1999) framework is comprised of three stages: prevention, mitigation, and coping.¹³ To these we add a fourth: recovery and rehabilitation (R and R). Prevention generally refers to reducing likelihood of the risk in the first place; mitigation is advance preparation to manage the hardship brought by the risky event when it occurs; coping involves ex-post assistance to deal with the effects of the risky event on a day-to-day basis; and R and R entails longer-term strategies to empower affected parties to recover fully and become self-sufficient over time, obviating need for continued state support.

The programs associated with the middle two stages of social risk management—mitigation and coping—form the crux of social protection. We exclude stages 1 and 4 from our definition of social protection.¹⁴ For one, much of prevention is performed by core public services: public health system (responsible for running immunization drives, providing sanitation and clean drinking water, and so forth), public schools (responsible for spreading literacy and building human capital to prevent future financial hardship), and the police (tasked with preventing law and order problems). Moreover, some form of prevention and R and R can be said to characterize the bulk of state activity. The concept of social protection will be analytically and empirically useful only if it refers to a well-defined and limited subset of state activity. Since our starting

TABLE 2
INSTRUMENTS OF SOCIAL PROTECTION

| Instrument | Type of risk addressed | Source of funding |
|--------------------------------------|---|-------------------|
| Social insurance | Absence of work-related income, such as during maternity, old age, unemployment, sickness, and others | Contributory |
| Social assistance | Chronic poverty | Public funds |
| Labor market programs (public works) | Unemployment | Public funds |

premise was precisely that social protection is analytically distinct from the provision of basic public services, it makes little sense to include stage 1 and 4 mechanisms in our formulation of the definition of social protection. Of course in practice many state programs straddle and therefore blur the boundaries between the four stages discussed here but the stages nonetheless serve a useful analytical purpose as ideal types.¹⁵

Third, the term “risk” is incomplete unless we also specify its object: risk of *what*? We define social protection as measures to protect from the risk of income security and physical well-being because these two types of meta-risks cover a broad swath of specific risks affecting individuals and households. Risks to income security are rooted largely in the risk to livelihoods stemming from economic downturns and business cycles, disability, old age, forced displacement, harvest failure, and so forth. Risks to physical well-being include the risks of poor health, hunger, malnutrition, and violence.¹⁶

Although the literature on social protection has many typologies of policy instruments, we use one proposed by Barrientos and Hulme, who focus on three primary instruments of social protection: social insurance, social assistance, and labor market programs (see Table 2).¹⁷

Social Protection Programs in India

In contrast to the “dualistic” systems of protection prevalent in many countries, social protection in India exists in three tiers that mirror the structure of the labor market.¹⁸ The top two tiers of social protection—the first covering public sector workers (Tier 1) and the second covering the private formal sector (Tier 2)—together cover only formal sector workers, who form just 6 percent of the Indian labor force. Around 94 percent of the labor force which is in the informal-sector is not covered under these tiers. Indeed, as we note in the conclusion, the strong protections in the first two tiers have hampered the growth of the formal sector, ensuring a vast informal sector. For this reason, we focus not on these relatively privileged tiers but on the third tier in this article.

The third tier of protection—that meager safety net available to the vast majority of the country’s population, largely those working in the informal sector—includes the various welfare schemes of the central government as well as support for welfare funds for particular categories of workers, such as those employed in construction or

beedi industries. Unlike the first two tiers of protection, the benefits from the third tier of protection are generally tied not to an individual's employment status and sector of work, but to her poverty status (below poverty line, above poverty line, and others), place of residence (rural or urban), or familial relation (such as mother, daughter, widow).¹⁹ The Indian government has extended more systematic albeit fragmented protection to this group in the last two decades by both expanding existing social protection programs and launching new ones. We discuss these next.

Expansion of Social Protection in India

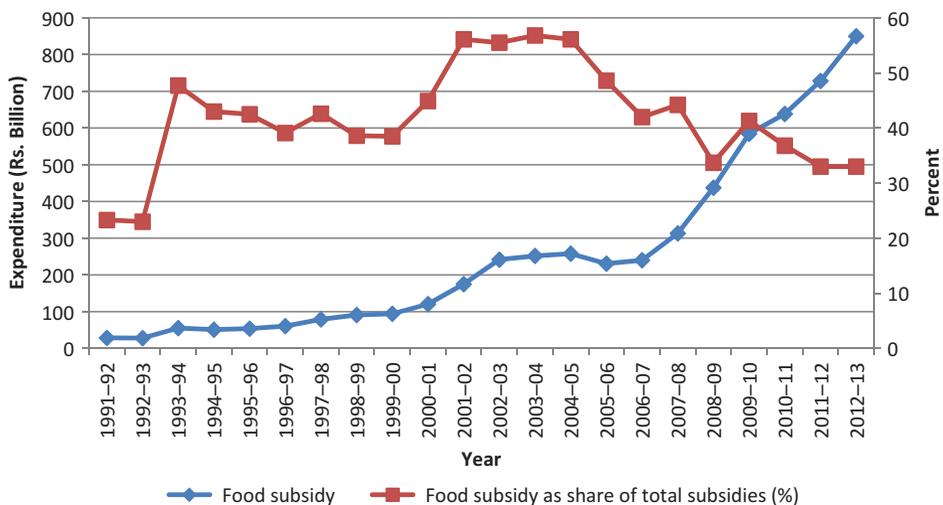
In this section we discuss six social protection programs run by the central government that meet the three criteria laid out in our definition. These were chosen because they are among the largest programs that fall within the third tier of protection. As risk-coping programs cost much more and have wider coverage than risk-mitigation programs in India, we begin our discussion with the latter and retain an emphasis on these through the remainder of the article.

Risk-Coping Programs

Transfers, whether through subsidies or conditional or unconditional cash transfers, have been the principal risk coping mechanism.

- To the extent the food subsidy (see Figure 1 for expenditure data) ensures minimal level of calorific consumption and the fuel (kerosene) subsidy provides basic energy

FIGURE 1
FOOD SUBSIDY EXPENDITURE.



Sources: GoI Ministry of Finance, Union Budget, Expenditure, Vol. I, "Non-plan Expenditure by Broad Categories," various years; Vijay Paul Sharma, "Food Subsidy in India: Trends, Causes, and Policy Reform Options," Working paper, Indian Institute of Management (2012).

security for cooking and lighting, these two types of subsidies can be regarded as merit goods that provide social protection because they help cope with the risks to physical or economic well-being that come with hunger, malnutrition, and inadequate access to electricity. Most of the food subsidy in India is channeled to beneficiaries through the Targeted Public Distribution System (TPDS). The Public Distribution System (PDS), initially an urban rationing scheme designed to stabilize food prices, began in the 1960s. In 1997, the universal scheme was converted into a means-tested scheme targeted (mostly) at the below-poverty-line (BPL) population.²⁰

- The Mahatma Gandhi National Rural Employment Guarantee Act (NREGA) was passed by the Indian parliament in 2005 to enhance the “livelihood security of households in rural areas of the country”²¹ while creating “durable assets.”²² It requires the government to provide at least 100 days of employment per financial year to all rural households with adult members willing to do unskilled manual labor on community and local infrastructure development projects. NREGA can be seen as a conditional cash transfer program.
- The National Social Assistance Programme (NSAP) was the first major social protection program begun in the post-liberalization era in India. It provides immediate relief to the poor in case of life-cycle vulnerabilities such as old age and widowhood, chronic need such as that stemming from disability, and contingencies such as death of the family’s breadwinner.²³ As there is no quid pro quo, this is an unconditional cash transfer program.

Risk-Mitigating Programs

Risk-mitigating programs often come in the form of insurance schemes but might also include conditional cash transfer programs if they are designed to mitigate the possible adverse effects of impending risks.

- The Janani Suraksha Yojana (JSY) aims to encourage institutional deliveries among pregnant women in order to reduce maternal and infant mortality by offering women cash rewards for delivering in public health centers, in accredited private health facilities, or at home with medical care.²⁴ In addition, Accredited Social Health Activists (ASHAs)—women trained to liaise between pregnant females and public health facilities—are also given cash for encouraging women to deliver in hospitals.
- The Rashtriya Swasthya Bima Yojana (RSBY) is a health insurance scheme for the poor. It provides health insurance cover of up to Rs. 30,000 in hospitalization costs for five members of BPL families in public or private facilities.²⁵ What sets this scheme apart from insurance schemes in general is that beneficiaries are asked to pay only a nominal registration fee (Rs. 30). The cost of the annual premium is shared by central and state governments while states are responsible for administrative costs.²⁶
- Aam Aadmi Bima Yojana (AABY) provides life insurance cover to the poor. The purpose of AABY is to prepare families in advance to manage the risk of the death

or disability of head of the family or another earning member of the household, 18–59 years of age. The central government pays half of the insurance premium on behalf of beneficiaries. The other half is paid by the state government concerned, by a nodal agency, or by the member herself.²⁷

Table 3 and Figures 2 and 3 summarize trends in expenditure on the six aforementioned major SP programs.

The data suggests that public expenditures on social protection have risen sharply over the last decade and a half, plateauing more recently as fiscal pressures have mounted. Food and fuel (kerosene) subsidies attract the most resources from the government, followed by NREGA (in recent years) and NSAP. Expenditures on the three risk-mitigation programs discussed here—JSY, RSBY, and AABY—are comparatively less.

Overall, however, total expenditure on social protection—measured as expenditure on the six schemes discussed above—rose from Rs. 52 billion in 1991–92 to more than Rs. 1 trillion in 2012–13.²⁸ This is a 22-fold increase in nominal values and more than five-fold in real terms.

This substantial expansion of social protection and welfare in India (albeit from a low base) has led to an emerging literature trying to understand and explain this shift in the policies of the Indian state. Niraja Gopal Jayal, for example, has distinguished pre- and post-liberalization forms of welfare. In recent work, Jayal argues that before 1990 social programs were understood as a matter of state largesse; India was considered too poor to offer proper welfare; social welfare existed only for those falling under “defined categor[ies] of disadvantage”; and the Indian citizen was constructed as a duty-bearing rather than right-bearing agent. The discourse around social citizenship, however, changed in the 1990s. Now, social programs are couched in the language of rights rather than charity; it is now harder to make the argument that India cannot afford to provide enhanced social protection; the categories of disadvantage considered deserving of state assistance have expanded; and the citizen is now understood as a rights-bearing agent.²⁹

Another perspective is offered by Rina Agarwala, who has argued that the actor from whom welfare is demanded has changed: while in early years of independent India, formal-sector workers organized to hold employers responsible for social protection such as pensions and health benefits, the locus of social protection demands has shifted to informal-sector labor organizations who are making claims on and extracting social protection-related support directly from the state. The right to social protections is now being made not on the basis of work status, but on the basis of citizenship status. Informal workers, according to Agarwala, are appealing “to state responsibilities to *citizens*, rather than to *workers’* rights” in making their claims.³⁰

Both Jayal and Agarwala have therefore pointed to ways in which the provision of welfare has changed in India with an emphasis on the *expansion* of welfare to formerly uncovered populations and thus to broader coverage. But this expansion has opportunity costs because of possible fiscal crowding-out of public services, a trade-off especially acute in the case of developing countries.³¹ Figures 4 and 5 provide some support for this critique. They show expenditures on basic public services have

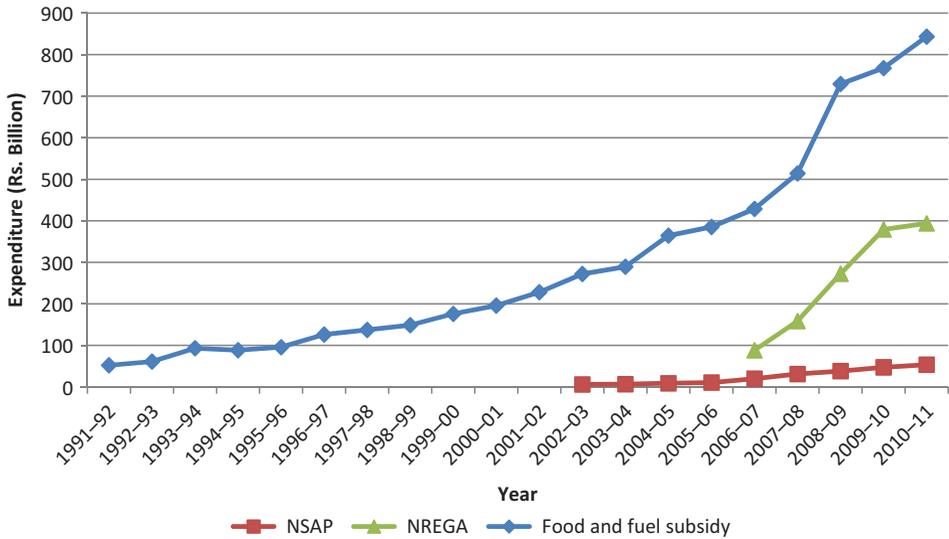
TABLE 3
SUMMARY OF MAJOR SP PROGRAMS IN INDIA

| Program (Year of launch) | Goal | Target group | Stage of risk management | Expenditure in first year of program (or first year of data availability) (Rs. Billion) | Expenditure in most recent year of data availability (Rs. Billion) | Total percent change in expenditure (%) | Number of beneficiaries in most recent year of data availability |
|--------------------------------|---|---|-----------------------------|--|---|---|---|
| (T)PDS food subsidy (1960s) | Address hunger, stabilize agricultural livelihoods | BPL households mostly | Stage 3 (coping) | 29 (1991 – 92) | 850 (2012 – 13) | 2831 | 180 million families are covered by TPDS (2013) |
| NREGA (2006) | Address rural unemployment | Rural households | Stage 3 (coping) | 88 (2006 – 07) | 330* (2013 – 14) | 275 | 45 million households were provided employment (2013–14) |
| NSAP (1995) | Address life-cyclical contingencies and chronic need deliveries | BPL elderly, widows, disabled, etc. | Stage 3 (coping) | 6 (2002 – 03) | 66 (2012 – 13) | 1000 | 30 million people (2012–13) |
| JSY (2005) | Encourage safe deliveries | Pregnant women and recent mothers | Stage 2 (mitigation) | 0.4 (2005 – 06) | 16.1 (2011 – 12) | 3925 | 10.6 million people (2013–14) |
| RSBY (2008) | Insure against costly medical treatment | BPL households | Stage 2 (mitigation) | 1 (2008 – 09) | 7.9* (2013 – 14) | 690 | 37 million active smart cards (early 2014) |
| AABY (2007) | Provide life insurance | BPL households of identified vocational groups | Stage 2 (mitigation) | 0.4** (2007 – 08) | 4.3** (2012 – 13) | 975 | 43 million people (2012–13) |

Sources: GoI Ministry of Finance, Union Budget, Expenditure, Vol. I, “Non-plan Expenditure by Broad Categories,” various years; Vijay Paul Sharma, “Food Subsidy in India,” Ravi Srivastava, *Social Protection Floor for India* (ILO, 2013); GoI Ministry of Rural Development, *MGNREGA Briefing Book*; GoI Ministry of Finance, Union Budget, Expenditure, Vol. II, 2014–15; GoI Ministry of Rural Development, www.nrega.nic.in; GoI Ministry of Statistics and Programme Implementation, Table 35.8, www.mospi.nic.in/mospi_new/site/India_Statistics.aspx; GoI Ministry of Health and Family Welfare, *Annual Report 2011–12*, Chapter 4; GoI Ministry of Health and Family Welfare, “Quarterly NRHM MIS Report (Status as on 31.3.2014), National Overview, 2014; GoI Ministry of Finance, Union Budget, Expenditure, Vol. II, various years; GoI Ministry of Labour and Employment, *Annual Report 2011–12*; GoI Ministry of Labour and Employment, *Rashtriya Swasthya Bima Yojana*, www.rsbys.gov.in; LIC, *Annual Report*, various years. www.ltcindia.in; Sakshi Balani, “Functioning of the Public Distribution System: An Analytical Report” (PRS Legislative Research, 2013).

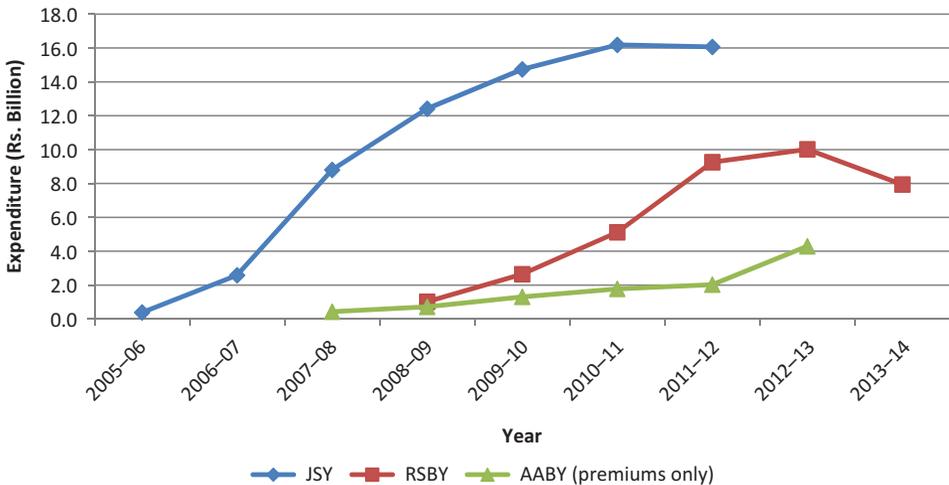
Notes: * indicates revised estimate; ** indicates expenditure is for premiums only.

FIGURE 2
CENTRAL EXPENDITURE ON RISK-COPING SP PROGRAMS.



Sources: Vijay Paul Sharma, “Food Subsidy in India”; Devesh Kapur, “The Shift to Cash Transfers”; Parag Diwan and Debesh C. Batra, *Where is Oil in National Reforms* (New Delhi: Excel Books, 2008), 141; GoI Ministry of Statistics and Programme Implementation, Table 35.8, www.mospi.nic.in/mospi_new/site/India_Statistics.aspx; and GoI Ministry of Rural Development, *MGNREGA Briefing Book*.
Notes: Fuel (kerosene) subsidy data for 2010–11 is provisional.

FIGURE 3
CENTRAL EXPENDITURE ON RISK-MITIGATING SP PROGRAMS.



Sources: GoI Ministry of Health and Family Welfare, *Annual Report 2011–12*, Chapter 4; GoI Ministry of Finance, *Union Budget, Expenditure, Vol. II*, various years; GoI Ministry of Labour and Employment, *Annual Report 2011–12*; and LIC, *Annual Report*, various years. www.licindia.in.
Notes: Number for RSBY (2013–14) is revised estimate. Data for AABY is estimated by authors based on enrollment numbers provided by annual reports of the LIC; expenditure on AABY scholarships is excluded.

increased slowly in comparison to that on SP. In Figure 4 we focus on three of the largest (expenditure-wise) public services that are seen as core public goods: elementary education, health, and water supply and sanitation.

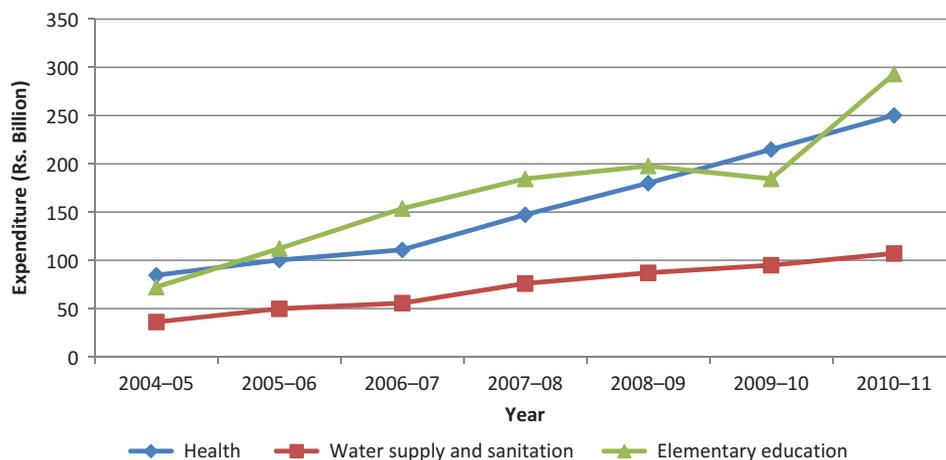
Although expenditure on public services has increased steadily over the last decade, that on major social protection programs has risen at an even quicker pace. The result is that expenditure on three major SP programs now exceeds that on three core public services. Public service and social protection expenditures were close until 2005–06, at which point spending on SP rose rapidly while that on public services lagged (Figure 5).

This is remarkable because in lower income countries public services generally claim a much larger part of state resources than social protection does. It is only after universal provision of basic public services such as primary education, public health, drinking water and sanitation that most other countries embarked on an ambitious expansion of the welfare state.

What Explains the Expansion of Social Protection While Public Services Languish?

There are various possible answers to this question. The most obvious one is that economic growth led to greater fiscal revenues, which in turn created the fiscal space for the expansion. However, although it is tempting to attribute this significant increase to rising state revenues, spending on social protection *as a share of state revenue* has increased as well. The proportion of state revenue being spent on social protection (SP

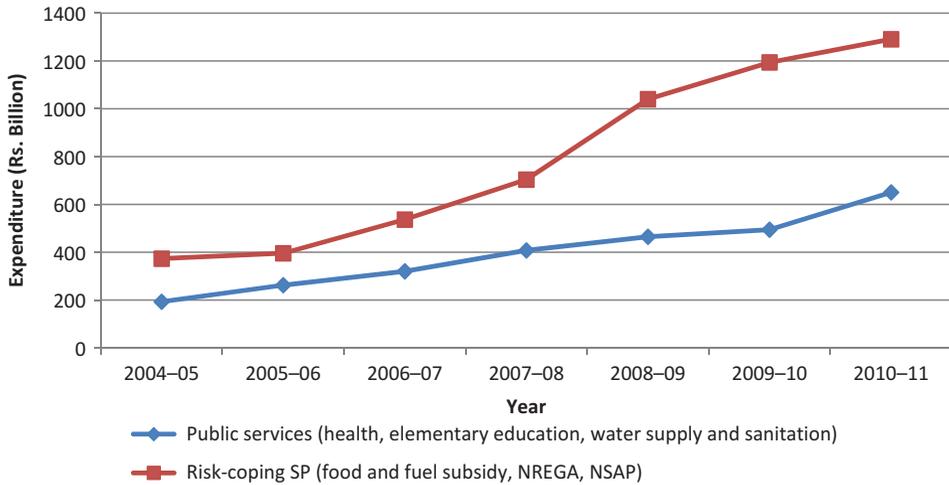
FIGURE 4
CENTRAL EXPENDITURE ON MAJOR PUBLIC SERVICES.



Sources: Mita Choudhury and H.K. Amar Nath, "An Estimate of Public Expenditure on Health in India" (NIPFP, 2012); and GoI Ministry of Finance, Union Budget, Expenditure, Vol. II, various years.

Notes: Numbers for health and water supply and sanitation are estimates calculated based on information provided by authors of the NIPFP study. Health numbers exclude expenditure by some central ministries such as the Ministry of Railways and Ministry of Defence. Numbers for elementary education reflect total budgetary allocation to the Ministry of Human Resource Development for elementary education. Elementary education numbers for 2004–08 are revised estimates and number for 2008–09 is budget estimate.

FIGURE 5
CENTRAL EXPENDITURE ON MAJOR PUBLIC SERVICES AND SP PROGRAMS.



Sources: See sources reported under Figures 2 and 4.

expenditure calculated as the sum of spending on the six SP programs discussed in this article) rose from 5 percent in 1991–92 to 13 percent in 2008–09, before declining to 8 percent by 2012–13. This indicates that causal factors other than an increase in financial capacity are at play.

Several hypotheses may be drawn from the literature on welfare in OECD countries (the focus of much of the literature). The first of these relates to the work of T. H. Marshall, who saw the development of the postwar welfare state as a result of the natural progression of rights of citizenship. Social citizenship, as per T. H. Marshall's canonical definition, comprises of rights ranging from the right to "a modicum of economic welfare and security to the right to share to the full in the social heritage and to live the life of a civilized being according to the standards prevailing in the society."³² According to this line of thinking, citizenship rights first entailed civil rights (freedom of speech, faith, and others), then became associated with political rights (freedom to represent and be represented), and finally became intertwined with social rights. A natural process of evolution, then, drove the expansion of the welfare state.

The problem with Marshall's argument is that it is a functionalist narrative: it suggests a teleological progression from civil to political to social citizenship that occurs automatically, with each type of citizenship creating conditions leading to the emergence of the next type.³³ Moreover, it cannot explain why social citizenship in India was extended to new groups via social protection rather than through improved public services.

Another possible explanation, most closely associated with the writings of Karl Polanyi, saw the welfare state as a response to the ravages of market forces in an era of creeping industrial capitalism. For those working in the vein of Polanyi, the welfare state was designed to preserve the social fabric at a time when the economy had

become “disembedded” from society and threatened to tear it apart.³⁴ In fact, a prominent thread of the international and comparative political economy literature today builds on this idea—that the extension of the market drives the tendency to expand the welfare state and compensate the “losers” of reform—in the context of the post-liberalization increase in social protection in developing countries.³⁵ According to this “compensation hypothesis,” welfare states expand when the spread of the free market and/or greater international economic integration deepens insecurity, necessitating protective mechanisms.³⁶

The link between globalization and increased welfare spending has at least suggestive support in the Indian case. In the two decades after the onset of economic liberalization in 1991 the share of trade in GDP tripled and India became much more integrated on the capital account.³⁷ Welfare expansion occurred over the same period. On the other hand, many of the groups benefiting from new social protection programs—the elderly, widows, mothers, the disabled, daughters, BPL households regardless of sector of work—are not groups understood to be particularly hurt by economic integration. This calls into question the explanatory power of the compensation hypothesis.

A third explanation, emerging from the power resources theory, sees welfare provisions as an outcome of distributive conflicts. According to this line of thinking, “welfare state development is likely to reflect class-related distributive conflict and partisan politics.”³⁸ A key implication of this theory is that parties representing socio-economically disadvantaged groups and labor organizations lead the fight for welfare because they stand to gain most from expansion of social protection. In other words, welfare states expand when labor and other disadvantaged groups organize to demand protection from the state or employers.³⁹

The Indian reality is somewhat different from the predictions of this theory. Organized labor has been weakening for some decades and social protections have expanded to provide security to the vast majority of unorganized labor in the informal sector. It is true that the Left parties were part of the UPA-I coalition in 2004 and pushed for these policies. But not only did these policies continue after the Left parties left the coalition, they were expanded further (the food security bill is a good example). Moreover, the fact that both the Congress and the Left political parties lost heavily in elections suggests that SP programs were either not a very salient policy issue for voters, or, possibly that voters did not credit the UPA for expanded social programs and/or punished it for not implementing these programs properly.⁴⁰ Indeed, the new government led by the Bharatiya Janata Party (BJP), a party not generally known for its support of labor and the poor, is consolidating many of the smaller schemes and planning to roll out a universal health insurance scheme. Organized labor therefore seems conspicuous only by its absence in the story of expanding social protection in India.⁴¹

A different line of argument has been suggested by Piven and Cloward, who argue that the “relief” programs underpinning the expansion of the welfare state are driven primarily by the political compulsion to maintain order during times of economic upheaval—that is, welfare is really meant “to regulate labor” by absorbing the unemployed during times of widespread unemployment and releasing them back into the labor market during economic expansion.⁴² The implication is that welfare states

expand when the state actors feel the need to make concessions to the poor in return for social stability.

Jayal makes a similar argument in the Indian context, suggesting that social citizenship in India has served to “legitimize, rather than mitigate, the inequalities of social class.” By incorporating the poor further into the polity through the use of the language of social citizenship rights, the state has attempted to placate the working poor to reduce the likelihood of social conflict. The expansion of SP is the way in which the state has sought to make the “rapaciousness of capital” less objectionable.⁴³ However, this then begs the question why the state did not expand SP when the poor faced the “rapaciousness of feudalism” earlier?

Thus, it is clear that most explanations drawn from the literature on the European experience do not suffice. The explanations we offer here are rooted partly in the changing nature of Indian politics, partly in ideational variables, and partly in institutional factors. A shift from clientelist to programmatic policies, driven by the need to build new winning coalitions among voters who appear increasingly aspirational, drawn by promises of widespread economic growth instead of clientelistic payoffs, could be one reason for the expansion of welfare in India.⁴⁴ But even if this is the case, why would the need to build broader winning coalitions necessarily lead to investments in social protection programs rather than efforts to improve public services? The answer may lie in the fact that the principal programmatic initiatives open to the central government are much greater in the former while state governments have a greater role on the latter.

In addition, stronger electoral competition in recent years has made political leaders favor highly visible social protection programs. In comparison, improving public services is a long, arduous, and less glamorous task that might go unnoticed by the electorate.⁴⁵ The role of visibility in prioritization of one type of public provision over another is supported by findings in existing literature.⁴⁶ “Visibility” here refers to programs that produce observable outcomes that can be used to assess state competence. By this definition of visibility, social protection programs are more visible than public services, which may itself be a result of the clearer and more limited nature of the goals of social protection.

The ideational story stems from policy advice “from international organizations such as the World Bank, especially changing ideas about the relationship between welfare and economic development.”⁴⁷ Uneven economic growth, which appears to have led to renewed interest in redistribution, provided further justification for stronger social protection. Contingent factors helped in the diffusion of these policy norms. The UPA’s victory in 2004 led to “policy entrepreneurs”—civil society activists—getting an unprecedented opportunity to advance their causes through the National Advisory Council chaired by Sonia Gandhi (who ironically was not even a member of the cabinet). These activists also used their newfound influence at the center to bring existing state-level policy innovations to the attention of the union government.⁴⁸ The Supreme Court provided legal grounds for the center to intervene further in matters of social policy that are generally assigned to the state by the Constitution.⁴⁹ In fact, the Supreme Court helped institutionalize several protections as justiciable rights.⁵⁰ The marriage of “policy entrepreneurs” to “opportunity structures” certainly appears to have been an

important reason behind the expansion of social protection programs in India in the 2000s.

The institutional explanation is based on the state's recognition of its weak administrative capacity, which has hobbled its ability to deliver public services. This has induced the state to want to bypass its own public service infrastructure and rely on social protection, rather than strengthen administrative structures to deliver public services. However, the idea that social protection is relatively easier to implement might be a chimera. Managing health insurance, for example, is a notoriously complex task, and it is unlikely that insurance will improve health outcomes to the same extent that better health services can.

As a result of these factors, India has taken the Latin American route rather than the East Asian path.⁵¹ Comparing social programs in the 1980s, Haggard and Kaufman describe how "social security spending in Latin America dwarf[ed] that of East Asia's minimalist welfare states," and yet long-term welfare outcomes were better in the latter.⁵²

Conclusion

Since the early 1990s, as India's economic reforms shifted the trajectory of its economy to one that is more market oriented and integrated with the global economy, India has gradually expanded its social protection programs. This article analyzed the scale and scope of these programs, offering plausible explanations for their expansion. However, the substantive impact of such programs relative to the impact of the growth in daily real rural wages (from Rs. 22 in 1993–94 to Rs. 59 in 2004–05 to Rs. 86 in 2011–12), which itself attenuates household vulnerability, needs further investigation.⁵³

The expansion of social protection programs raises other questions as well. One, at the most basic level, is how the state determines which groups to target for welfare. The state faces multiple claims of vulnerability and demands for support. How then do policymakers determine who is more vulnerable and deserving of protection? While the article offers a range of ideas that shed light on this question, we need a better understanding of the political logic behind the construction of some groups as especially vulnerable as well as the prioritization of some policy instruments over others.

Second, the article focused on SP policies and programs of the central government. However, since states play a critical role in implementation, what explains variation in the effectiveness of implementation of central SP schemes across states? The central schemes are similar for all states. The outcomes, however, vary. Why? Does the answer lie in varying state capacity, the different social bases of the political parties in power, or something else? And if the former, what are the determinants of social-sector implementation capacity at the state level in India?

Third, there appears to be considerable variation in the design and implementation of states' own SP schemes. As states become laboratories for experiments in SP programs, the variation in design and implementation will have to be investigated further.

Fourth, what are the electoral causes and consequences of these programs? How are they shaping and perhaps being shaped by preferences of Indian voters? One of the

first explanations offered for any major political or policy developments in democracies invokes voter preferences. As voters elect the leadership of the state, the argument goes, policies made by elected officials aggregate (in some way) the preferences of voters. The extent to which voter preferences have driven the expansion of welfare in India, however, is hard to ascertain without a deeper understanding of what these preferences are, how they are shaped, and how they aggregate to influence policy decisions. As there are few sources of systematic information on voter preferences and political behavior across India, building the micro-foundations linking voter preferences to the nature of SP programs is a major analytical challenge.⁵⁴

Fifth, to what degree can new technologies improve the quality of delivery? One way the Indian government has attempted to improve targeting and reduce leakage is by using smartcard technology. Many social protection schemes have begun to transfer funds to beneficiaries via Aadhar-linked bank accounts (or other biometric based identifiers), reducing likelihood of diversion of funds along a leaky pipeline.⁵⁵ Will the new government's financial inclusion program (Jan Dhan Yojana), which targets new bank accounts for 75 million households, significantly improve delivery of social protection program benefits?

Sixth, an issue area that we do not cover in this article but whose salience is likely to increase is social protection to address new risks arising from climate change and natural/environmental disasters. While many of the policies in this area—such as public efforts to increase use of clean energy, the building of levees and embankments, and so forth—are preventive in nature and therefore outside the scope of social protection as defined here, could others such as property and disaster insurance, farm insurance, immediate relief efforts, and compensation or aid to disaster-affected families be considered social protection and analyzed accordingly? After all, natural/environmental disasters bring immense risks to economic and physical well-being, and the failure of the state to manage these events—as evidenced by the dismal performance of the National Disaster Management Agency in handling the 2014 Kashmir floods—cannot but be considered a failure of the state in discharging its basic responsibilities.

Finally, the state's role as a provider of public goods and services as well as social protection is both complementary and conflictual—the latter due to a finite fiscal space and limited administrative capacity. As we stated in the beginning of the article, India has lately stressed social protection programs more than public goods. But the latter's neglect only increases the former's costs. Will the recent change in party in power in India alter the balance between the two, and more broadly between redistribution and growth? The answer to this crucial question will shape the future of social protection programs in India this decade.

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NOTES

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3. All spending and revenue data reported in the article reflect central government finances.
4. S. Guhan, "Social Expenditures in the Union Budget: 1991–96," *Economic and Political Weekly* 13, nos. 18/19 (1995): 1099.
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13. Robert Holzmann and Steen Jorgensen, *Social Protection as Social Risk Management: Conceptual Underpinnings for the Social Protection Strategy Paper* (Washington, DC: The World Bank, January 1999), 11–13.
14. The approach is similar to that of Robert Holzmann, "Risk and Vulnerability: The Forward Looking Role of Social Protection in a Globalizing World," Discussion paper (Washington, DC: The World Bank, 2001).
15. Because we see SP as fulfilling the rather narrow function of helping mitigate or cope with the adverse effects of risks, we do not consider policies such as reservations in college admissions and public employment for members of the Scheduled Castes and Scheduled Tribes social protection because these policies are designed to attain the much broader goals of advancing social justice and compensating for historical disadvantage.
16. We do not consider the alternative question—protection for *whom*—central to our definition of social protection. The social identity of the recipient matters less than the function the policy is designed to perform in determining whether a policy can be labeled social protection.
17. Armando Barrientos and David Hulme, "Social Protection for the Poor and the Poorest: An Introduction," in *Social Protection for the Poor and Poorest: Concepts, Policies and Politics*, ed. Armando Barrientos and David Hulme (New York: Palgrave Macmillan, 2008), 3.
18. Bruno Palier and Kathleen Thelen, "Institutionalizing Dualism: Complementarities and Change in France and Germany," *Politics & Society* 38, no. 1 (2010): 119–48.
19. Welfare funds for beedi, construction, cine, and other workers are an exception. For further discussion of welfare funds, see Rina Agarwala, *Informal Labor, Formal Politics, and Dignified Discontent in India* (New York: Cambridge University Press, 2013). Although an innovative and important mechanism of social protection for the informal sector, welfare funds claim far fewer state resources than welfare schemes such as NREGA. For example, while the budgetary allocation for NREGA in 2012–13 was Rs. 303 billion, central expenditure (largely financed through cess levied on beedis, films, and others) on welfare funds amounted to Rs. 2.3 billion in that year. In addition, part of the work of welfare funds is akin to providing public services such as education and water supply rather than social protection. For these reasons, we do not focus much on welfare funds here. Source of budget figures: GoI Ministry of Labour and Employment, *Annual Report 2012–13* (New Delhi: Author, 2013); and GoI Ministry of Finance, *Union Budget, Expenditure, Vol. II, 2014–15* (New Delhi: Author, 2014) (figures reported reflect actual expenditure).
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26. GoI Ministry of Labour and Employment, *Annual Report 2012–13*, 3, <http://www.labour.nic.in>
27. GoI LIC, *Annual Report 2012–13*, 60.
28. Although using expenditure on six of dozens of SP schemes run by the central government as a rough indicator of overall SP expenditure by central government presents problems, we use this measure because the schemes discussed here are some of the largest social protection schemes operational in India. Together they likely represent a major share of total SP expenditure by the Indian central government.
29. Niraja Gopal Jayal, *Citizenship and its Discontents: An Indian History* (Cambridge: Harvard University Press, 2013), 163–77.
30. Rina Agarwala, “From Work to Welfare,” *Critical Asian Studies* 38, no. 4 (2006): 432. Italics in original.
31. Jayati Ghosh, “The Siren Song of Cash Transfers,” *The Hindu*, March 2, 2011.
32. T.H. Marshall, “Citizenship and Social Class,” in *The Welfare State Reader*, ed. Christopher Pierson and Francis Castles (Cambridge, UK: Polity, 2000), 32.
33. For a brief summary, see Mitchell Cohen, “Reconsidering Citizenship and Social Class,” *Policy Network*, June 28, 2010, <http://www.policy-network.net>
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35. For a discussion of the compensation hypothesis, see Stefanie Walter, “Globalization and the Welfare State: Testing the Microfoundations of the Compensation Hypothesis,” *International Studies Quarterly* 54, no. 2 (2010): 403–409.
36. Dani Rodrik, “Why Do More Open Economies Have Bigger Governments?” *Journal of Political Economy* 106, no. 5 (1998): 997–1032.
37. Devesh Kapur and Vijay Joshi, “India and the World Economy,” in *China-India: Paths of Economic and Social Development*, ed. Delia Davini and Barbara Harriss-White (London: The British Academy, 2014), 77–92.
38. Walter Korpi, “Power Resources and Employer-Centered Approaches in Explanations of Welfare States and Varieties of Capitalism: Protagonists, Consenters, and Antagonists,” *World Politics* 58 (2006): 168.
39. A different explanation emphasizes the role of employers, rather than labor, in fomenting social protection. Proponents of this explanation argue that workers invest in firm- and industry-specific skills only when they receive some form of employment or income protection. In absence of such protection, workers will invest only in general, portable skills so they are not unduly dependent on one employer or industry. Employers therefore push for social protection in order to incentivize employees to invest in specialized skills. The explanation does not work in the Indian case, however, because most SP programs we discuss in this article are not work-related and not designed as income support for the labor force and can therefore not be expected to have any significant impact on workers’ skill-investment calculus. For further information on employer-focused explanations, see Margarita Estevez-Abe, Torben Iversen, and David Soskice, “Social Protection in the Formation of Skills: A Reinterpretation of the Welfare State,” (prepared for presentation at the 95th American Political Association Meeting, September 1999).
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42. Frances Fox Piven and Richard Andrew Cloward, *Regulating the Poor: The Functions of Public Welfare* (New York: Vintage Books, 1971).
43. Niraja Gopal Jayal, *Citizenship and its Discontents*, 178.
44. Milan Vaishnav, Devesh Kapur, and Neelanjan Sircar, “Growth is No. 1 Poll Issue for Voters, Survey Shows,” *Times of India*, March 16, 2014.
45. It should be mentioned, however, that some analysts do question the idea that implementing SP programs is an easier task than improving public services. For example see Monica Das Gupta, “Insurance Can be Bad for Health,” *The Indian Express*, September 10, 2014.
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51. An excellent overview can be found in Sanjay Ruparelia, “India’s New Rights Agenda: Genesis, Promises, Risks,” *Pacific Affairs* 86, no. 3 (2013): 569–90.
52. Stephan Haggard and Robert R. Kaufman, *Development, Democracy, and Welfare States*, 28.
53. Real daily urban wages rose from Rs. 79 in 1993–94 to Rs. 142 in 2004–05 to Rs. 193 in 2011–12. Data from Santosh Mehrotra, Jajati Parida, Sharmistha Sinha, and Ankita Gandhi, “Explaining Employment Trends in the Indian Economy: 1993–94 to 2011–12,” *Economic & Political Weekly* 49, no. 32 (2014): 49–57, Table 10.
54. For one example of a country-wide survey on voter preferences, see University of Pennsylvania Center for the Advanced Study of India, “Lok Pre-election Survey,” *India in Transition*, 2014, www.indiantransition.com
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