



# IPP

## INDIAN POLITICS & POLICY

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# Introduction

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**I***ndian Politics & Policy* (IPP) began in 2018 under the editorial guidance of Professor Sumit Ganguly, Indiana University, Bloomington, but went dormant after its Spring Issue in 2020. The journal is now being revived with an actively engaged and re-configured Editorial Board, and a galaxy of distinguished members on its International Advisory Board. The core editorial team resides at the South Asia Institute in Heidelberg and in Oxford. With the generous support of the Policy Studies Organization, Washington DC—a truly transatlantic relationship deeply embedded in the fabric of Indian reality—the journal is poised to become a premier one engaging with India’s policies and politics.

IPP occupies a distinct scholarly space hitherto neglected by existing journals. While there are multiple avenues for publishing papers on economic policy, or those engaging with India, South Asia, or Asia at a broader level, IPP is unique in that it will put the spotlight back on the intermeshing of politics and diverse arenas of policymaking in India.

The inaugural issue of Volume 4 presents three *research papers*. Two of the papers delve into economic and human development issues, namely India’s demographic challenge, and the criticality of bolstering the public face of healthcare services in India. The third examines the import of export-led growth for India’s developmental trajectory.

Anil Deolalikar opines that India’s demographic dividend remains grossly underutilized—and time is running out. A young population can spur economic growth more rapidly than an ageing one. The best use of this favorable economic condition would require higher levels of skill development, health and nutrition levels, global competitiveness promotion, and more substantial job opportunities. India’s respectable growth, on the other hand, creates very few jobs. Underutilization of the demographic dividend is exacerbated by the fact that the poorest and least developed states of India are the ones that have a younger population. These are the very states that have the scarcest job opportunities. The country has a small window of opportunity till 2030, after which year the proportion of the population aged over 65 will exceed the number of children below 5 years of age. And, India is even less prepared to face the challenge of non-communicable diseases that arrive with an aged populace.

Deepika Joshi and Sulakshana Nandi argue that the private sector-based model of public health service delivery is flawed. The authors deploy a rigorous case study of the conversion of a publicly supported private facility into a public one in the sub-national state of Chhattisgarh to arrive at this conclusion. The paper points to the dire need for increasing public investment in health, a fact that is also highlighted in the paper by Deolalikar.

Arvind Panagariya presents the best reasons why India should not shy away from export promotion at a time when protectionist voices seem to have risen in the country. India's rapid economic growth after 2003 was accompanied by its emergence as a trader. The same is true for the rise of the East Asian economies. He argues persuasively that new phenomena such as the advent of automation or COVID 19 do not take away from the basic factors that causally connect international trade with economic growth and development.

IPP presents a second section titled *perspectives*. These shorter papers are invited articles where scholars and practitioners share their perspectives on critical issues concerning India's policy environment. Contrary to the Hindu nationalist narrative, Amitav Acharya argues that the origins of India's Vedic civilization did not emerge exclusively within the geography of India. It is a far more complicated story that begs serious archaeological, historical and anthropological research. Harsh Mander reflects on the roots of the bloody ethno-nationalist conflict in Manipur, which is a significant challenge for Indian secularism. Kunal Sen reflects on the Modi government's economic policy since 2014.

Finally, we present a section titled *review essays* that reviews books around critical themes. We are delighted to publish a review essay by John Harriss on the evolution and impact of Article 22 of the Indian constitution. Article 22 is an important legal stricture on preventive detention that may well have opened the gates for the efflorescence of repressive laws in India. This review is timely at a time when three new Bills on the criminal justice system were introduced in August 2023 after suspending 143 opposition Members of Parliament.

Forthcoming issues of IPP will engage lively political and policy issues. There are Special Issues planned around the theme of the Future of India's Democracy and to an analysis of the results of the parliamentary elections currently underway in India. These planned special issues and the interest of leading scholars to contribute to the journal gives us the confidence that IPP will make a difference to the scholarly understanding of India's politics and policies.

India's size in terms of demography and economy, and its capacity to perform within a democratic framework will be significant for the world. India is a significant growing economy faced with the challenge of poverty, deepening economic inequality, heightened social discrimination, and rapidly declining democratic credentials. Its geostrategic significance cannot be underestimated. IPP will provide substantial insights into the politics, and evolution and impact of policies

shaping the world's largest democracy.

Lastly, we are deeply saddened to report the loss of an eminent scholar and dear friend Raghendra Jha, Emeritus Professor, Australian National University, who was on our International Advisory Board. He passed away on 20 November 2023. His unwavering support for the journal, and many such intellectual ventures, was of a rare kind. Raghav's generosity of spirit and intellectual acumen will be dearly missed.



# Demographic Changes in India: Implications for Policy

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## ABSTRACT

India's fertility decline in recent decades is resulting in a demographic dividend, a window of a few decades during which the worker-dependent ratio is favorable and rising. To take advantage of the demographic dividend, the country will need to invest heavily in the human capital of its children, who will be entering the workforce in large numbers over the next few decades. India's low labor productivity stems in large part from the poor nutrition, health, and schooling of its current workforce. At the same time, the country will need to foster an enabling economic environment to promote inclusive economic growth that generates productive employment for its youth and women. India's past growth has been largely jobless, resulting in massive underemployment and the growth of a large informal sector. The country will need to pursue a more inclusive growth strategy that focuses on development of a labor-intensive light manufacturing sector. As India ages, the rise of non-communicable diseases poses a major health challenge, especially as the country has not yet fully addressed its communicable/infectious disease problems and as government health spending has been woefully inadequate and stagnant. The rapid rise in the elderly population over the next two to three decades will necessitate a more comprehensive strategy of social insurance and social protection for the elderly. Finally, urban infrastructure improvements, inclusive green development, and tackling son preference are crucial for India's prosperous and inclusive future, including integrating women more fully into growth strategies.

**Keywords:** Demographic change, fertility decline, jobless growth, double burden of disease, NCDs

## **Cambios demográficos en la India: implicaciones para las políticas**

### RESUMEN

La disminución de la fertilidad en la India en las últimas décadas está dando lugar a un dividendo demográfico, una ventana de algunas décadas durante la cual la proporción de trabajadores dependientes es favorable y está aumentando. Para aprovechar el dividendo demográfico, el país necesitará invertir fuertemente en el capital humano de sus niños, quienes ingresarán en gran número a la fuerza laboral en las próximas décadas. La baja productividad laboral de la India se debe en gran parte a la mala nutrición, salud y escolarización de su fuerza laboral actual. Al mismo tiempo, el país necesitará fomentar un entorno económico propicio para promover un crecimiento económico inclusivo que genere empleo productivo para sus jóvenes y mujeres. El crecimiento pasado de la India ha sido en gran medida sin empleo, lo que ha resultado en un subempleo masivo y el crecimiento de un gran sector informal. El país deberá aplicar una estrategia de crecimiento más inclusiva que se centre en el desarrollo de un sector de manufactura ligera con uso intensivo de mano de obra. A medida que la India envejece, el aumento de las enfermedades no transmisibles plantea un importante desafío para la salud, especialmente porque el país aún no ha abordado plenamente sus problemas de enfermedades transmisibles/infecciosas y porque el gasto público en salud ha sido lamentablemente inadecuado y estancado. El rápido aumento de la población de edad avanzada en las próximas dos o tres décadas requerirá una estrategia más integral de seguro social y protección social para las personas mayores. Por último, las mejoras en la infraestructura urbana, el desarrollo verde inclusivo y la lucha contra la preferencia por los hijos varones son cruciales para el futuro próspero e inclusivo de la India, incluida una mayor integración de las mujeres en las estrategias de crecimiento.

**Palabras clave:** Cambio demográfico, disminución de la fertilidad, crecimiento del desempleo, doble carga de morbilidad, ENT

## 印度的人口变化：政策启示

### 摘要

印度近几十年来的生育率下降导致了人口红利，这是一个几十年的窗口期，在此期间，工作者与受赡养者比例是有利的且不断上升。为了利用人口红利，国家需要对儿童的人力资本进行大量投资，这些儿童将在未来几十年内大量进入劳动力市场。印度劳动生产率低下在很大程度上源于其当前劳动力的营养、健康和教育水平较差。与此同时，该国需要营造有利的经济环境来促进包容性经济增长，为青年和妇女创造生产性就业。印度过去的增长基本上没有创造就业机会，导致大规模就业不足和大量非正规部门的增加。该国需要奉行更具包容性的增长战略，重点发展劳动密集型轻工制造业。随着印度老龄化，非传染性疾病的兴起对健康构成了重大挑战，特别是该国尚未完全解决其传染病问题，而且政府的医疗支出严重不足且停滞不前。未来二三十年，老年人口的迅速增长将需要更加全面的老年人社会保险和社会保护战略。最后，城市基础设施的改善、包容性的绿色发展、以及解决重男轻女问题对于印度的繁荣和包容性未来至关重要，这包括让妇女更充分地融入增长战略。

关键词：人口变化，生育率下降，失业增长，疾病的双重负担，非传染性疾病

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### Introduction<sup>1</sup>

India is on the verge of a major transformation. The country has experienced a rapid increase in economic growth, averaging 6 to 7 percent annually over the past three decades. Fertility rates have fallen below the replacement level, with several states having fertility rates well below replacement. Thanks to a significant reduction in infant mortality rates over the past two decades, the average life expectancy at birth is approaching 70 years.

Despite these positive developments, India faces significant challenges. Employment growth, especially outside of agriculture and the informal sector, has not kept pace with economic growth. Female employment has not grown—indeed, by some accounts, it has fallen—and female labor force participation remains extraordinarily low in comparison to that in other low- and middle-income countries. Much of the economy, even in the urban areas, remains informal in nature, with the share of organized-sector employment

in India among the lowest of all major emerging economies. Economic growth has widened the geographical divide in the country, with the southern and western states having benefited significantly more from growth opportunities than the northern and eastern states. These divisions carry over into the demographic domain, with the southern and western states being much farther along the demographic transition than the northern and eastern states.

## **Demographic changes**

### ***Fertility and mortality decline***

One of the most profound demographic changes that has occurred in India over the last half century has been the sustained decline in fertility. The fertility rate has been declining since the mid-1960s—from about 5 children per woman of child-bearing age in 1971 to below 4 by 1991 and further to 2½ by 2011 (Figure 1). Latest data from both the SRS (2019) and the NFHS-5 (2019-21) suggest that the country has reached a milestone, with the fertility rate reaching just below the replacement level (2.0) for the first time in India's recorded history.

While the exact order of causality remains unclear, declines in infant and child mortality often coincide with, and likely influence, decreases in fertility rates. Over the past half century, the infant mortality rate in India has fallen precipitously—from over 140 deaths per 1,000 live births in the early 1970s to less than 30 in 2020. In just the last two decades, infant mortality has halved (Figure 2). Declines in infant and child

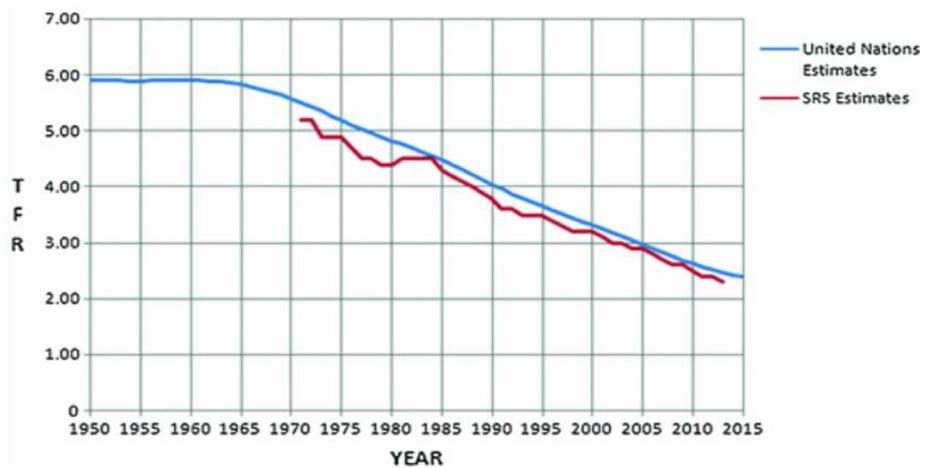
mortality, combined with improvements in factors affecting adult health, result in increases in average life expectancy at birth. Average life expectancy at birth in India has increased steadily—from a level of 37 years in 1950–55 to 55 years in 1985–90 and further to 69 years in 2015–20 (Figure 3).

However, the demographic transition under way has not been even across India. Even though the country has below-replacement fertility on average, five states (out of 30) have fertility that is above the replacement level (Figure 4). Two of the most populous states in the country—Uttar Pradesh and Bihar—have fertility rates well in excess of the replacement level (2.4 and 3.0, respectively). This means that, even though very few states have above-replacement fertility, a significant share of the country's population (30%) still lives in above-replacement fertility regimes.

Nevertheless, almost every state in the country has seen large declines in fertility rates over time. Indeed, over the 15-year period since 2005, many of the states that had the highest initial levels of fertility saw the largest fertility declines, and vice versa (Figure 5). As a result, there has been some convergence in fertility rates over time.

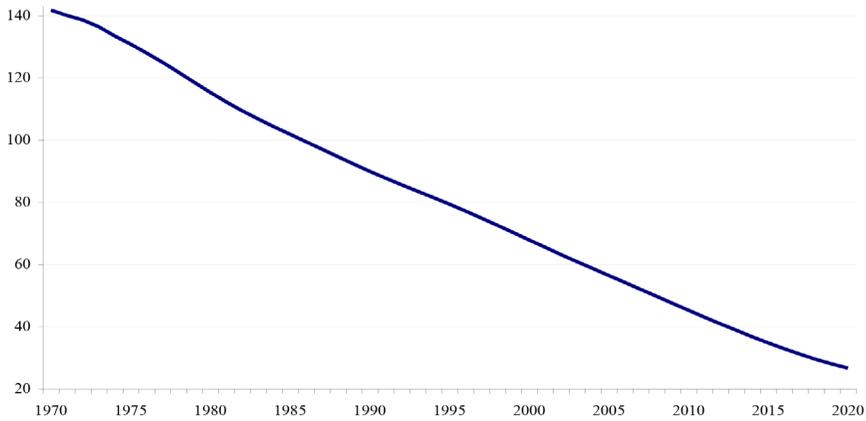
These trends are expected to continue. The National Commission on Population (2020) has projected that the high-fertility states of Bihar, Madhya Pradesh, Rajasthan, Jharkhand, and Uttar Pradesh will see the largest declines in fertility through 2036. The low-fertility states are not expected to see fertility rates decline below 1.5. Nationally, fertility is expected to reach 1.7 by 2036.

*Demographic Changes in India: Implications for Policy*



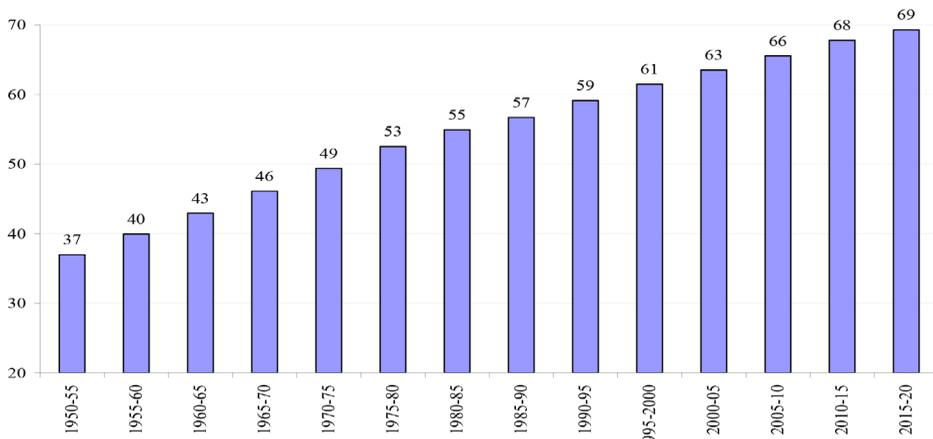
**Figure 1:** Total fertility rate, India, 1950–2015

Source: Chakrabarty and Deb (2018)



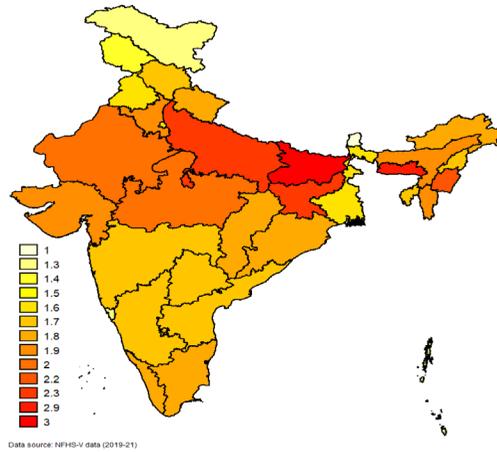
**Figure 2:** Infant mortality rate, India, 1970–2020

Source: UN Population Division, *World Population Prospects 2019* database

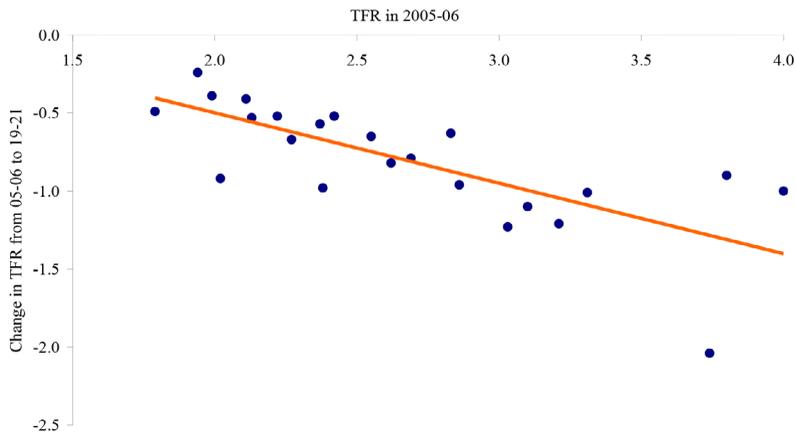


**Figure 3:** Average life expectancy at birth, India, 1950–2020

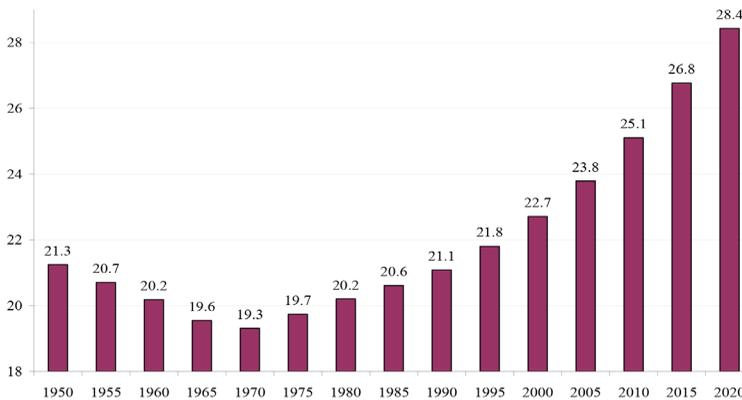
Source: UN Population Division, *World Population Prospects 2019* database



**Figure 4:** Interstate variations in the total fertility rate, 2019–21  
 Source: NFHS-5 survey (2019–21)



**Figure 5:** Decline in total fertility rate between 2005–06 and 2019–21 plotted against TFR in 2005–06, Indian states  
 Source: Rounds 3 and 4 of NFHS Survey data



**Figure 6:** Median age of India's population, 1950–2020  
 Source: UN Population Division, World Population Prospects 2019 database

### **Population Aging**

The combination of falling fertility and increasing life expectancy results in large changes over time in the age structure of a population. The median age in India has been rising over the last half-century—from 19.3 years in 1970 to 22.7 years in 2000 to 28.4 years in 2020 (Figure 6). The National Commission on Population (2020) projected it to rise to 34.5 years by 2036. UN projections show the median age rising to 47 years by 2100 (Figure 7) (UN DESA 2019).

There are, of course, large spatial variations, with states such as Kerala that experienced fertility and mortality decline much earlier than other states aging more rapidly than states such as Bihar and Uttar Pradesh. The median age in Tamil Nadu, Maharashtra, and Kerala, for instance, will rise to 40 years in 2036, while the median age of the population in Bihar will increase to only 28 years (National Commission on Population 2020).

The aging of India's population over time is more readily observed in the changing shapes of the age pyramid over time. As fertility has declined and longevity has increased, the pyramid has—and will continue until 2036 to—become more top-heavy (Figure 8). However, there will be significant inter-state variations. Figure 9 shows Kerala's population pyramid in 2036 resembling India's in 2100, while Uttar Pradesh's population pyramid resembles India's in 2011. This points to the varied demographic landscape in India, spanning states like Kerala that

are much further along in the population aging transition to states like Uttar Pradesh that are much further behind.

UN population projections allow us to go well beyond 2036 to imagine what the age structure of India's population might look like later in the century (Figure 10). As the country's population ages, the size of the older age cohorts will increase over time relative to the younger cohorts. Because of increased female longevity at very old ages (80 years and older), the size of the female age cohorts beyond 80 years will be significantly larger than the corresponding male cohorts by 2100.

### **Imbalanced sex ratio**

India is one of a handful of countries that have more males than females, particularly at birth and at younger ages, reflecting a strong parental preference for boys. The number of males to 100 females aged 0-6 years increased steadily across the various population censuses—from 103.9 in 1981, 105.8 in 1991, and 107.9 in 2001, to 109.4 in 2011. (The latest NFHS survey data from 2019–21 show a ratio of 108 males per 100 females.)

A few other countries, primarily in Asia, have imbalanced sex ratios at birth. These include China, Vietnam, and South Korea in East Asia; India and Nepal in South Asia; Georgia, Armenia, and Azerbaijan in the South Caucasus; and Albania, Montenegro, and Kosovo in the Western Balkans (Tafuro and Guilmoto 2020). Figure 11, which shows the evolution of the SRB over time in three countries—India, Azer-

baijan, and South Korea—suggests that, in comparison to the other two countries, the India’s SRB is only moderately skewed, and appears to have plateaued around 110-111 (the natural sex ratio at birth is around 105). South Korea is one of the few countries in the world where the SRB fell back to natural levels after a spike to 115 in the 1980s and 1990s. China also saw its SRB increase to an even higher number than South Korea (119) in 2005, but it appears to have fallen to 112 in 2017 (UNICEF 2018).

A skewed sex ratio at birth ultimately results in a surplus of males over females at older ages. Figure 8 suggests that by 2036, the male surplus will have moved up to the age group 45-50 years. Even Kerala is expected to have an excess of males among individuals aged 45 years and younger (Figure 9). But beyond that age and particularly beyond 60 years of age, Kerala is expected to have a large surplus of females,

reflecting the higher survival rates of women in old age.

While many countries have a slight biologically determined imbalance in the child sex ratio,<sup>2</sup> the imbalance is unusually large in India and very likely a consequence of three behavioral factors at work: First, parents elect to abort female fetuses based on prenatal ultrasound scans. Second, parents use contraception differently based on the sex makeup of their current offspring. For example, a parent may use contraception only after giving birth to a boy. Both these factors reflect *prenatal sex selection* behavior. Third, parents might practice outright female infanticide (which is rare) or choose to neglect their female infants in the allocation of food or health care (which is more common), and this would lead to an *excess of female neonatal and child mortality* and thereby a skewed sex ratio.<sup>3</sup>

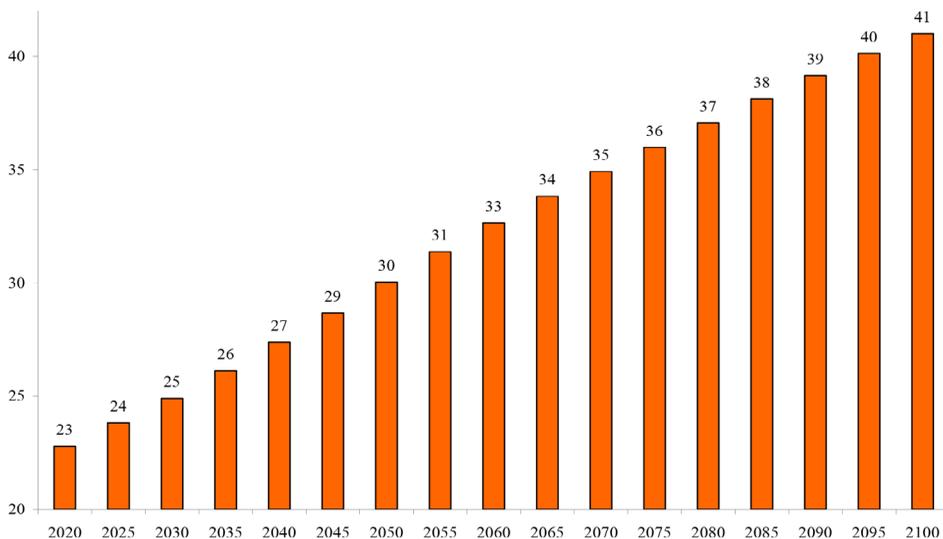
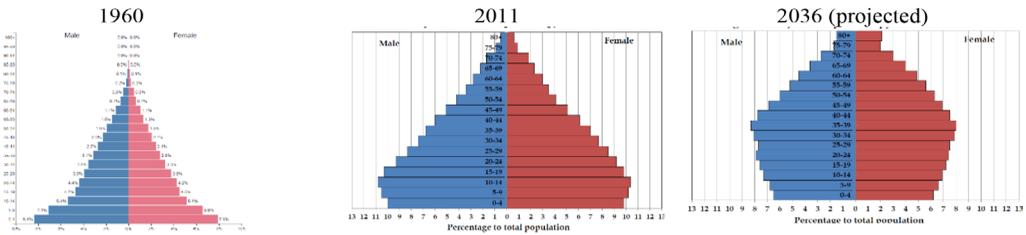


Figure 7: Median age of India’s population, 1950–2020

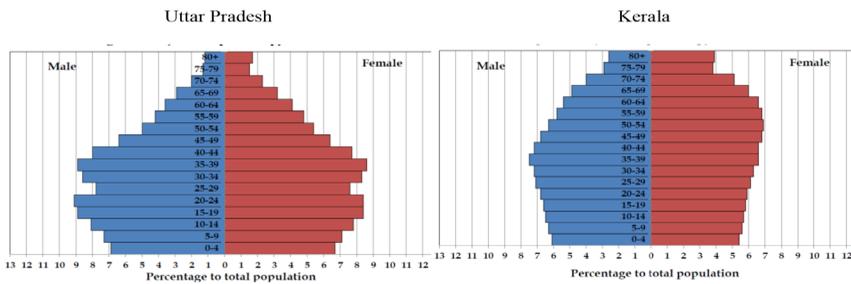
Source: UN Population Division, World Population Prospects 2019 database

## Demographic Changes in India: Implications for Policy



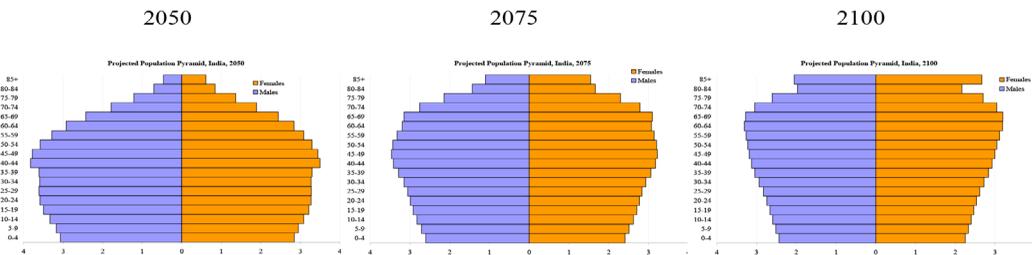
**Figure 8:** Population pyramid, India, 1960, 2011, and 2036 (projected)

Source: Data for 1960 from <https://www.populationpyramid.net/india/1960/>  
 Data for 2011 and 2036 from the National Commission on Population (2020)



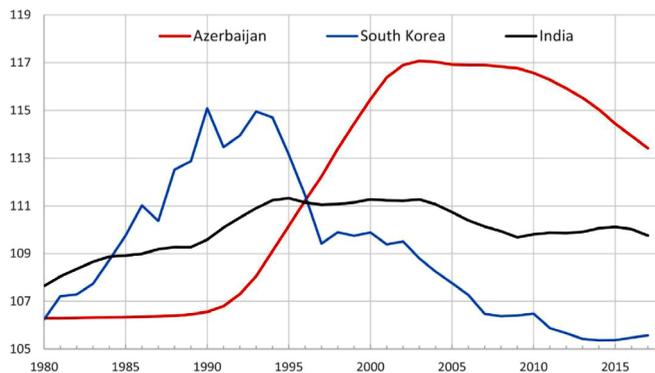
**Figure 9:** Projected population pyramid in Uttar Pradesh and Kerala, 2036

Source: National Commission on Population (2020)



**Figure 10:** Projected population pyramid, India, 2050, 2075, and 2100

Source: UN Population Division, World Population Prospects 2019 database



**Figure 11:** Sex ratio at birth in Azerbaijan, South Korea, and India, 1980–2015

Source: Tafuro and Guilмотo (2020)

## **Urbanization**

Another significant demographic transformation occurring in India is urbanization. Internal migration historically has not been as pronounced in India as in other low- and middle-income countries. However, it has accelerated in recent decades, and has resulted in India's population becoming increasingly more urban. The proportion of the urban population doubled from about 17 percent in 1950 to 34 percent by 2018 (Figure 12) and is expected to be more than 50 percent by 2050.

While India's pace of urbanization may seem rapid, it pales in comparison to China's. The share of urban areas in China's population started at a lower level than India in 1950 (12%) but surpassed it in 1988 and had already reached 59 percent by 2018 (Figure 12). The number is projected to reach 80 percent by 2050.

Figure 13 (left panel) shows that the absolute number of people residing in the rural areas of India will peak around 2035 and start declining thereafter. By 2050, a majority of India's population will be residing in its urban areas. The right panel of the figure, which displays the distribution of India's urban population by size class of urban settlement and number of cities in 1990, 2018, and 2030 (projected),<sup>4</sup> shows how concentrated the urban population will be by 2030. Just seven cities of 10 million or greater population will account for nearly 20 percent of the entire urban population of the country. A total of 71 cities will have populations in excess of a million, and these cities will account

for nearly one-half of the country's urban population.

## **Implications of demographic changes**

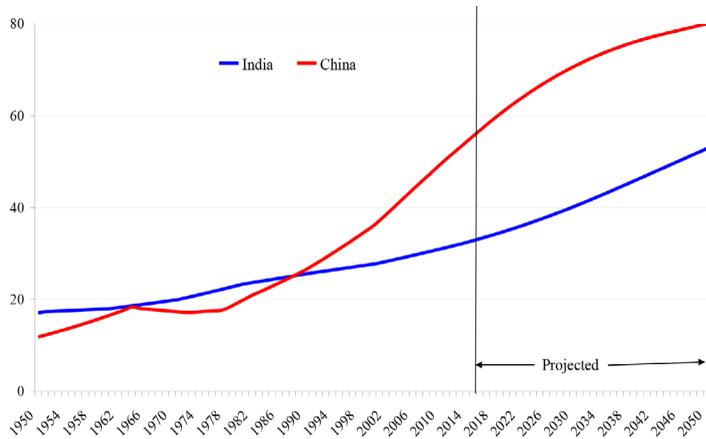
### ***Demographic dividend***

Much has been written about the economic implications of a country's demographic dividend, which is the window of opportunity for economic growth that opens up after 2-3 decades of declining fertility. This is because the population still has a large pool of working-age adults from its prior high-fertility period. This favorable situation, with many more income-earners than dependents, lasts for a few decades (typically 3-4) before the population begins aging and the dependency ratio starts increasing.

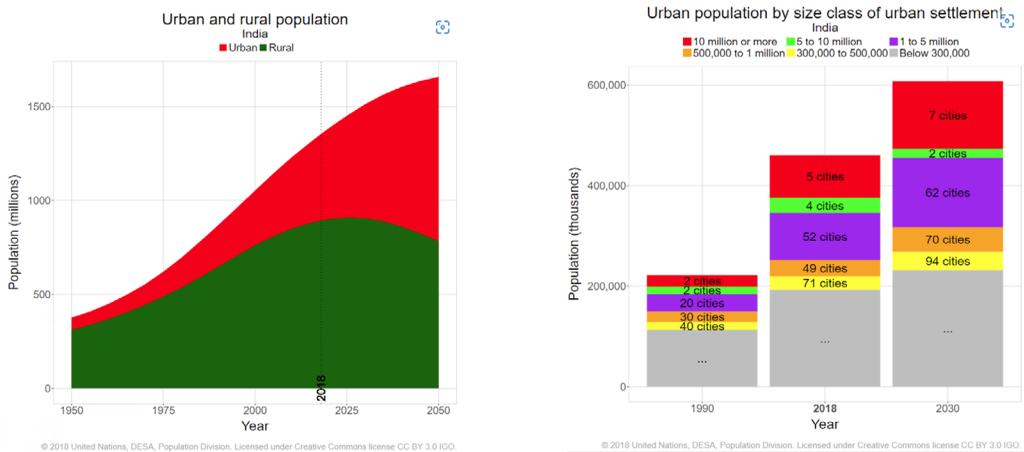
These changes are shown in Figure 14 for a hypothetical developing country. Initially, at low levels of economic development, a country faces a child dependency burden. As fertility declines, the share of children in the population declines, but the children born during the earlier period of high fertility start moving into working ages. This is the period of "demographic bonus" or "demographic dividend." However, over time, as the working-age adults age (and survive longer into old age), the share of the elderly starts increasing relative to the share of working-age adults. The country once again faces a demographic burden, but this time on account of the elderly, not children.

Bloom and Williamson (1998) have argued that an important reason for the slower economic growth of East

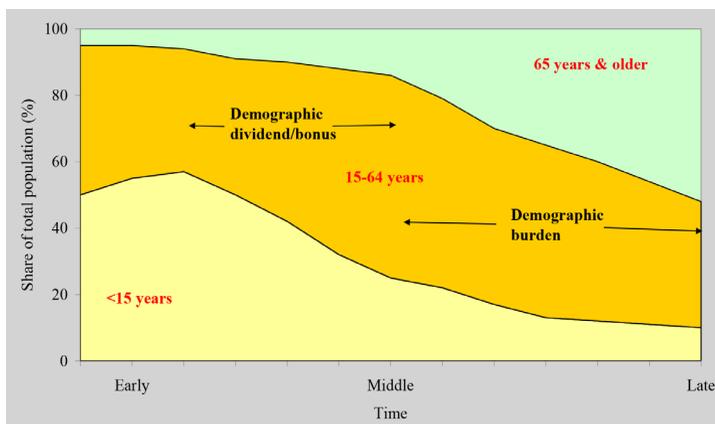
## Demographic Changes in India: Implications for Policy



**Figure 12:** Percent of population that is urban, India and China, 1950–2050  
 Source: UN Population Division, 2018, *World Urbanization Prospects 2018* database



**Figure 13:** India's urban population and distribution, 1950–2020  
 Source: United Nations Population Division, *World Urbanization Prospects 2018* database  
 (<https://population.un.org/wup/Country-Profiles/>)



**Figure 14:** Demographic Dividend in a Hypothetical Population (% shares of young-dependent, working-age, and old-dependent age groups in the total population)

Asia (particularly the four East Asian tigers of South Korea, Singapore, Taiwan, and Hong Kong) prior to 1970 was the heavy *youth dependency burden* they were experiencing during this period. However, with fertility rates falling rapidly throughout the region during the 1950s and 1960s, the dependency burden turned into a demographic gift or dividend for the region starting around 1970, as the burgeoning population of surviving children entered working ages (Figure 15). This is said to have contributed in large part to the rapid economic growth experienced by these countries in the 1970s and 1980s. However, the demographic dividend has already started dissipating in many of these countries as the proportion of the non-working elderly population has been rising rapidly.

UN population projections can be used to extrapolate how the demographic dividend and demographic burden will play out in India over the remainder of this century. Figure 16 shows that the share of the working-age population has been increasing in India since 1970 but has accelerated since the mid-1990s. It will peak around 2035–45, and then begin declining—from about 66 percent in 2035–45 to 57 percent by the end of the century. This is not a very steep decline, and by the end of the century, India will still have roughly half of its population in the working-age group.

Figure 17 highlights the enormous potential—but also the challenge—of providing employment to India's working-age population. Cur-

rently, there are about 800 million Indians between the ages of 15 and 64, and this number will swell by 10 million every year for the next decade. But the boom will obviously not last forever. By mid-century, the workforce will reach its peak and then start shrinking, with 6 million people expected to transition from working age to retirement age every year by the end of the century. However, despite this initial surge and subsequent contraction, the overall size of the workforce by the end of the century is expected to be almost the same as it is now (750-800 million).

Figure 18, which plots the ratio of India's working-age to nonworking-age population over the period 1950–2100, shows the worker-dependent ratio peaking at 1.9 by 2045 and then declining quite sharply to a level of 1.3 by 2100. This suggests that the country likely has a window of opportunity over the next two decades to capitalize on its demographic dividend.

How does India's potential for a demographic dividend compare to that of some other countries in Asia? Figure 19 shows that, at 10.2, the ratio of the working-age (aged 15-64 years) to the *older* dependent (aged 65 years and older) population is lower in India than in neighboring countries, such as Pakistan (14) and Bangladesh (13), and in some Southeast Asia nations, such as Cambodia (13.2) and the Philippines (11.7), but is significantly greater than in Vietnam (8.8), China (5.9), and Sri Lanka (5.8). This suggests that India is a "mid-dividend" (as opposed to an early- or late-dividend) country.

Demographic Changes in India: Implications for Policy

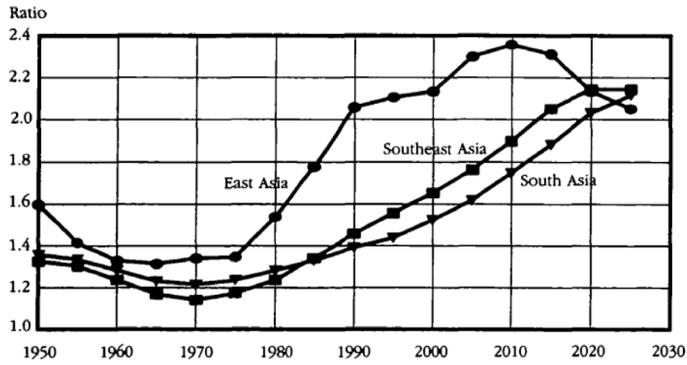


Figure 15: Ratio of Working-Age to Nonworking-Age Population in Asia, 1950–2030  
Source: Bloom and Williamson (1978)

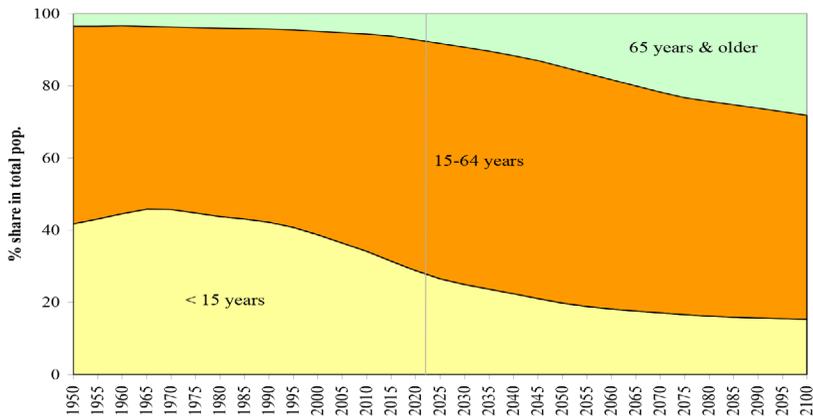


Figure 16. Demographic dividend in India, 2020–2100  
(population shares of dependent and working age groups)

Source: United Nations Population Division, *World Population Prospects 2018* database

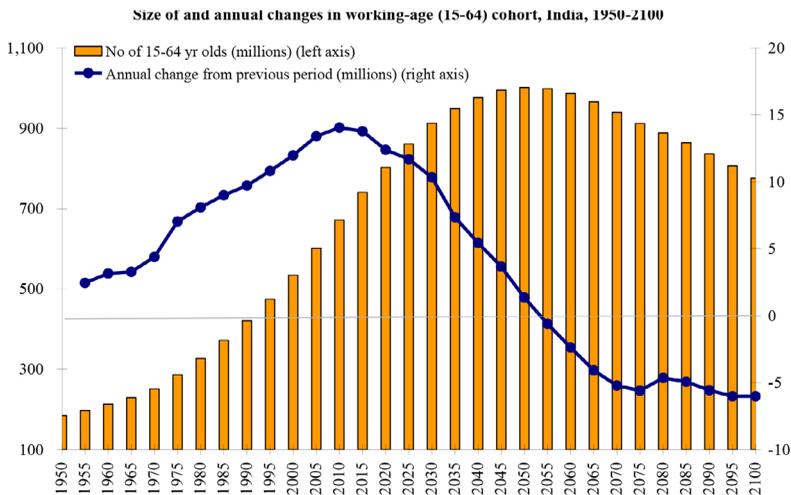


Figure 17: Size of working-age cohort and annual changes in this cohort size, India, 1950–2100

Source: United Nations Population Division, *World Population Prospects 2018* database

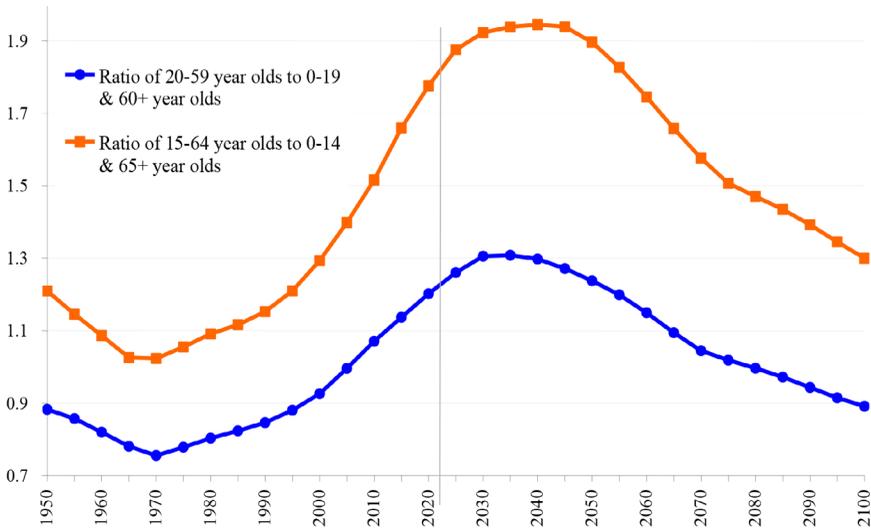


Figure 18: Projected ratio of working-age to dependent-age population, India, 1950–2100

Source: UN Population Division, *World Population Prospects 2019* database

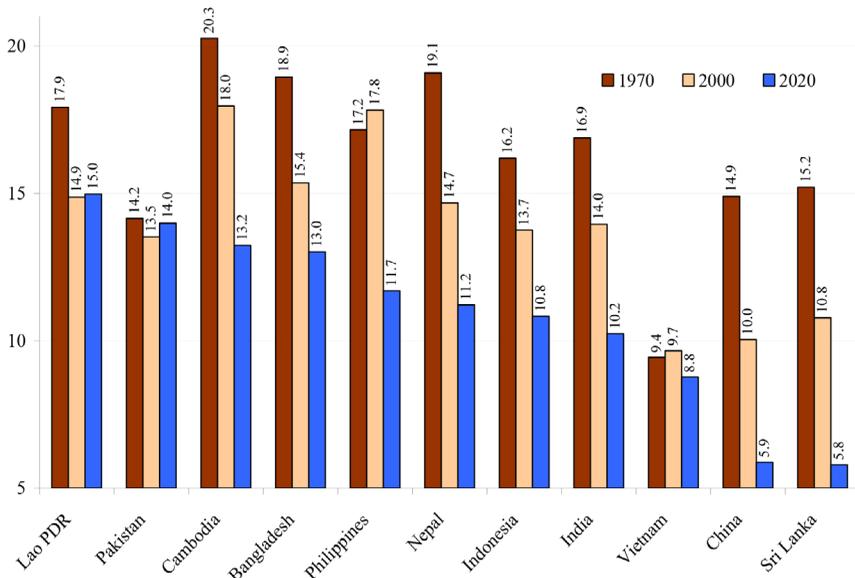


Figure 19: Ratio of working-age (15-64 years) to older dependent (aged 65 years and over) population, selected countries in Asia, 1970–2020

Source: UN Population Division, *World Population Prospects 2022* database

The Indian economy has grown much faster during the three decades after the mid-1990s than during the preceding three decades. As noted above, this has also been the period during which the worker-dependent ratio has

soared. Whether the demographic dividend is responsible for the more rapid growth is a matter of speculation, since there have been other confounding factors at play. For instance, the 1990s marked the beginning of major

economic reforms in the country. It is possible that economic reforms allowed India to capitalize on its initial demographic dividend, although this seems unlikely given that Indian economic growth has not been particularly labor intensive.

A final aspect of India's demographic dividend that will have important implications for policy is the uneven nature of the demographic transition. The large, poor states of Bihar, Madhya Pradesh, Rajasthan, and Uttar Pradesh, where fertility rates continue to remain high, are projected to contribute more than one-half of the increase in the country's working-age population by 2036 (Kumar 2010). These are the states where the demographic windfall will be greatest, which in turn means that the responsibility for capitalizing on India's demographic dividend over the coming decades will largely fall on these states. Unfortunately, these states have been laggards so far in generating employment and growth for their residents.

### ***Employment growth***

The demographic dividend is merely an *opportunity* for growth; taking advantage of it hinges on two crucial factors: equipping the large number of entrants into the workforce with adequate human capital *and* fostering an enabling economic environment for their productive employment. Failure on either front risks squandering this opportunity, even igniting unrest as frustrations mount. The Arab Spring's turmoil in the early 2010s serves as a stark reminder of this potential pitfall.

Unfortunately, India has not met either of these two conditions. On most human development measures, it lags behind not just China and other East Asian countries but even South Asian neighbors like Bangladesh and Sri Lanka. While child malnutrition has dropped appreciably in the last two decades, it remains alarmingly high, with nearly a third of all children below 5 being underweight and stunted, threatening their future productivity.<sup>5</sup> Similarly, despite recent gains in primary education, schooling quality, as measured by learning outcomes, is abysmal, with only a quarter of rural children aged 14-18 years being able to read grade 2 (age 7) level text fluently in their native language and to do simple arithmetic division (Pratham 2023).<sup>6</sup> In 2021-22, according to some estimates, an astonishing 48.4 million children aged 6-17 years were possibly out of school, accounting for nearly 17 percent of this age group's total population (Mehta n.d.). These persistent problems with child health and education contribute to India's low labor productivity.

The other necessary condition for a country to benefit from its demographic windfall is an enabling macroeconomic and trade policy environment that creates high-quality jobs in high-productivity sectors of the economy. China, which experienced its demographic dividend much earlier than India, absorbed much of its burgeoning working-age population in a rapidly expanding export-oriented light manufacturing sector (Figure 20).

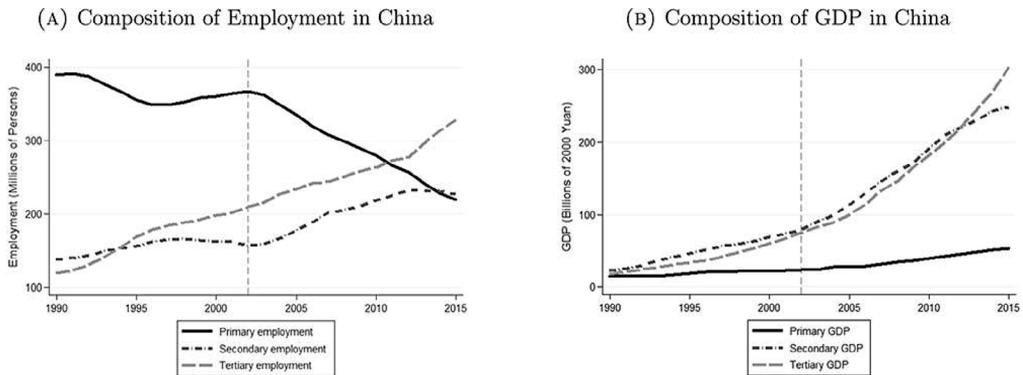


Figure 20: Primary, secondary, and tertiary sector employment and GDP in China, 1990–2015

Source: Majid (2015)

In the 1980s and 1990s, significant growth of employment took place in that country through the rapid expansion of township and village enterprises (TVEs) owned by cooperatives in smaller towns and villages. Between 1978 and 1999, for example, employment in TVEs increased from 28 million to 127 million—an annual growth of 7.4 percent. The fact that TVEs were significant absorbers of “surplus” labor in the rural areas can be gauged by the increase in their share in rural employment from 9 percent in 1978 to 26 percent in 1999 (Lu et al. 2002). Their role in generating productive employment in China was very significant, as they accounted for 18 percent of all employed persons in the country in 1999.

At the same time, Special Employment Zones (SEZs) were being set up experimentally in several major coastal cities as a means of establishing labor-intensive light manufacturing industries. In the 1990s, significant restructuring of state-owned enterprise also began taking place which encouraged the growth of the private sector

(Majid 2015). These reforms expanded urban manufacturing and set in motion rapid urbanization, a structural transformation of the Chinese economy, and a sustained rise in living standards. Especially after China’s ascension into WTO, total employment in the agricultural sector declined from 60 percent of total employment in 1990 to less than 28 percent in 2015, as non-agricultural employment and output increased dramatically to establish China as the factory of the world (Erten and Leight 2021).

The evidence from India has not been so encouraging. India has simply not developed the type of large-scale light manufacturing that can provide wage employment opportunities to the large pool of labor resources that it already has, let alone the millions of additional youths who will enter the labor force in the coming decades as part of its demographic windfall.

While the share of industry in total employment has increased in India, it has increased at a relatively slow pace—from about 15 percent in 1991 to 25 percent in 2019. While manufactur-

ing employment increased from about 32 million in 1983 to just over 60 million in 2011, most of the increase was in unorganized- or informal-sector manufacturing (Figure 21). Unorganized manufacturing accounts for about 80 percent of manufacturing employment (Goldar and Sadhukhan 2015).

Worryingly, recent data from the Center for Monitoring the Indian Economy (CMIE) show that manufacturing employment has declined sharply, almost halving in the five years since 2016–17. Admittedly, this includes the Covid year 2020–21, when many factories had shut down operations, but even between 2016–17 and 2019–20, manufacturing employment had fallen despite the government’s “Make in India” project that has sought to create an additional 100 million manufacturing jobs in the country by 2022 (Bhardwaj 2021).

How responsive has India’s overall employment growth been to its gross domestic product (GDP) growth? Evidence for this comes from a study by Moren and Wandal (2019), who estimate the employment elasticity of economic growth across a number of countries over the period 2000–17 using data from the ILO (Table 1). Of the seven countries in Asia, India had the lowest employment elasticity of economic growth, with a one percent increase in economic output being associated with only a 0.16 percent increase in employment. The corresponding elasticity was 0.31–0.37 for Vietnam, Bangladesh, and Indonesia and 0.43–0.46 for the Philippines and China.

Disaggregation by gender and youth shows again that the elasticity of female employment with respect to economic growth has been virtually zero in India during this period—in contrast to other countries where female employment has responded even more strongly to growth than male employment. While the employment elasticity of growth has generally been lower for youth than for adults in all seven countries, in India it has been negative. This suggests that the high levels of economic growth in India have not benefited women and youth in terms of employment opportunities.

India’s “jobless” growth is also evident in the country’s labor force participation rate, which has been stagnant for nearly the last three decades. Among youth (ages 15–29 years), labor force participation has actually been falling (Figure 22). Some of the fall may, of course, be related to rising enrollment rates at the secondary and tertiary school levels, but likely the low and declining labor force participation rates, especially among women, reflect paucity of employment opportunities. India has one of the lowest female labor force participation rates in the world, and they have fallen further in the last 15 years.<sup>7</sup>

Data from the government’s 2022 Periodic Labor Force Survey shows a surprising pattern of unemployment among youth. The unemployment rate is 42 percent among college graduates under 25 years of age, which is higher than among secondary school-leavers, reflecting the failure of the economy to generate enough high-skills jobs but

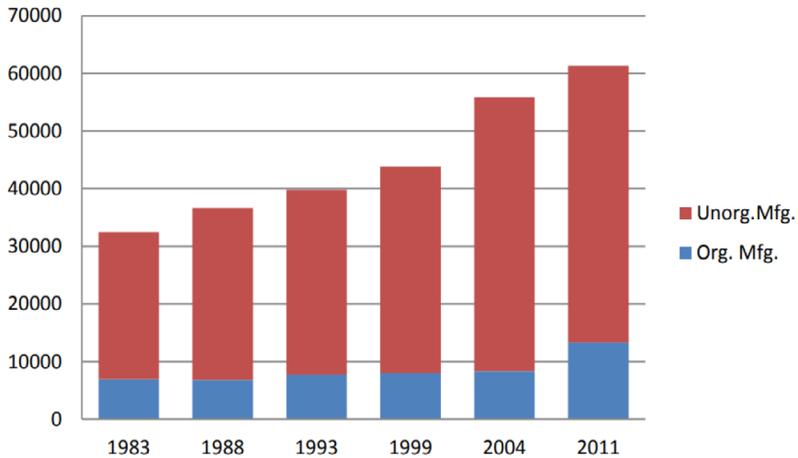


Figure 21: Employment in manufacturing, India, 1983–2015

Source: Goldar and Sadhukhan (2015)

Table 1: Estimated employment elasticity of economic growth, selected countries, 2000–17

Country	Total	Female	Male	Youth	Adult	Avg GDP growth
India	0.16	-0.04	0.23	-0.25	0.26	7.06%
Bangladesh	0.34	0.59	0.25	-0.11	0.46	5.95%
Pakistan	0.66	1.22	0.54	0.35	0.78	4.32%
Indonesia	0.37	0.45	0.32	0.04	0.43	5.28%
Philippines	0.46	0.49	0.45	0.21	0.52	5.30%
Vietnam	0.31	0.30	0.31	-0.17	0.43	6.41%
China	0.43	0.47	0.40	0.32	0.45	8.30%

Note: The above estimates show the percent increase in the relevant variable (e.g., female employment) with a 1% increase in GDP.

Source: Moren and Wandal (2019)

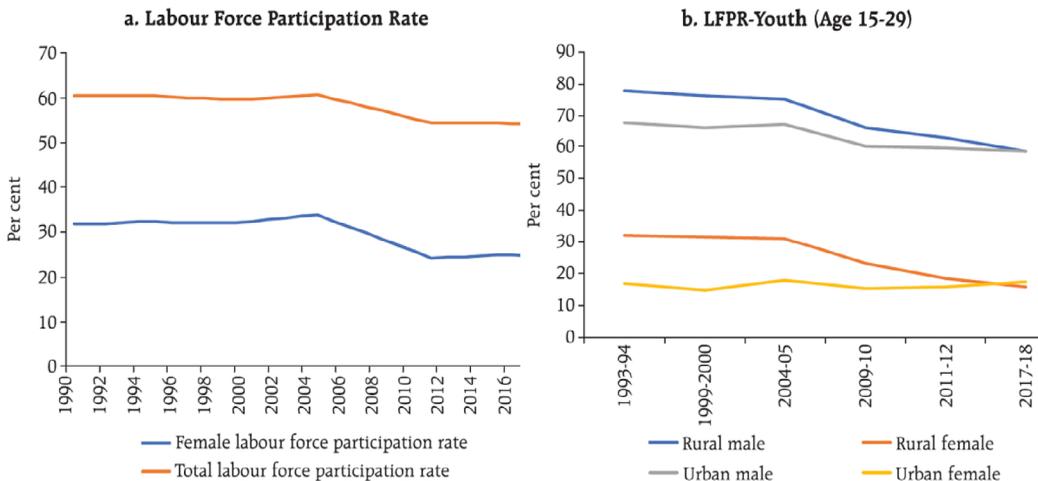


Figure 22: Labor force participation rate, by residence and gender, 1990–2018

Source: RBI (2019)

also the poor employability and low skill levels of college graduates. At the same time, it is estimated that the country produces more than one million college graduates each year.

The high unemployment rate among the college-educated was illustrated most recently in an incident where over 12 million youth applied for 35,000 clerical jobs with the Indian Railways (Kumar 2022). The disillusioned unsuccessful applicants went on a rampage across Bihar and Uttar Pradesh, setting fire to an empty train coach. Lack of gainful employment opportunities could pose a threat to the country's economic and political stability in the years ahead.

A symptom of the jobless growth is the persistence of a large unorganized sector in the Indian economy. Despite rapid economic growth over the last two decades, the unorganized sector remains unusually large in the country. In 2017–18, for instance, the unorganized sector employed 86.8 percent of India's work force, while 90.7 percent of all workers were informal workers—i.e., they had no written job contracts, paid leaves, and other benefits. Indeed, even within the organized sector, nearly 40 percent of all workers are informal employees or contract workers (Murthy 2019). While the unorganized sector serves as a cushion for workers who might otherwise have been unemployed, wages in the unorganized sector are minimal and informal-sector jobs are low-quality jobs without any protections—job security, benefits including sick leave, and pension.

Employment in the informal sector would not be as much of a problem if the country had a comprehensive publicly-financed social protection system. But it does not, despite recent efforts to extend social protection to workers in the unorganized or informal sector. Only a small fraction of workers in the unorganized sector are covered by comprehensive protection. Given the generally low wages in this sector, the lack of social protection means that these workers are highly vulnerable to poverty arising from unemployment spells, demand-side price shocks, financial crises, catastrophic illnesses and disabilities, and aging. Indeed, the idea of developing a broad social safety net that encompasses social security in old age, income support during periods of agricultural drought and macroeconomic recessions, sick leave, unemployment insurance for workers, and catastrophic health coverage is to make such social protections portable and not tied to a specific job or only to employment in government or the organized sector (Bowen et al. 2020).

Labor market rigidities, combined with outdated labor-market regulations, as well as education policies that subsidize tertiary education to the neglect of basic education, have contributed to weak employment generation in Indian manufacturing over the last seven decades.<sup>8</sup> Like China, India could easily have taken a ride on the sails of globalization in the 2000s and become the factory of the world given its large labor force. But poor initial human capital investments in that labor force and a less conducive (*vis-à-*

vis China) policy framework prevented that from happening.

### ***Uneven economic growth as a cause of jobless growth***

Another possible cause of jobless growth in India may be related to the uneven nature of economic growth that has occurred in India, especially over the last four decades. As growth accelerated in the 1990s, so did inequality (Figure 23), reflecting the fact that much of the economic growth was driven by rising consumer spending, especially among the burgeoning upper-income urban class. The goods and services typically consumed by the upper-income urban quintiles are much less labor-intensive than the basic consumer goods and services consumed by the poor and the lower middle class, such as food products, apparel, footwear, furniture, jewelry, and toys.

One under-appreciated advantage of developing a large light manufacturing sector is that it often opens up wage employment opportunities outside agriculture for women. For instance, women accounted for 39 percent of Mexico's manufacturing workforce and 47 percent of China's in 2017 (Madgavkar et al., 2019). In Bangladesh, the garment industry has been a key driver of female employment growth; women workers account for 85 percent of the total workforce in that industry (Alam, Blanch, and Smith 2011). Given that the female share of total income in India has been well below that of many other low- and middle-income countries (Figure 24) over the last four decades, it will be critical for the country

to expand opportunities for non-agricultural employment to women in the coming years.

Admittedly, India has done a remarkable job over the last 3-4 decades in developing a competitive information technology (IT) and business-process outsourcing (BPO) industry. The industry has a total turnover of \$200 billion and is perhaps the largest private employer outside agriculture, employing some 5 million people, nearly 30 percent of whom are women (NASSCOM 2022). While these are impressive numbers, the future employment growth potential of this sector is limited since it almost exclusively employs skilled, college-educated individuals.

In recent decades, India has also emerged as a global hub for auto component manufacturing, such as the manufacture of shafts, bearings, and fasteners. Although total annual turnover is currently only \$27 billion in the sector, expectations are that the sector will reach \$200 billion in revenue by 2026 (IBEF 2023). The number of persons employed is, however, relatively small—at only 1.35 million.

Additionally, just in the last few years, manufacturing of mobile handsets has also taken off in India, aided by the gradual shifting of manufacturing out of China. Indeed, India has now become the second-largest mobile phone manufacturing nation after China, with 270 million handsets to be produced this year (*The Economic Times*, 15 August 2023). However, much of the mobile manufacturing revolves mostly around assembly of phones and em-

employs only about 0.25 million people (Suraksha 2023).

In comparison, the Chinese garment industry employs over 15 million persons; the building, tunnel, and subway construction industry employs 12

million persons; the building completion and interior design sector employs 12.5 million persons; and electrical machinery and equipment manufacturing employs 5.7 million workers (IBIS-World n.d.; CEIC Data n.d.).

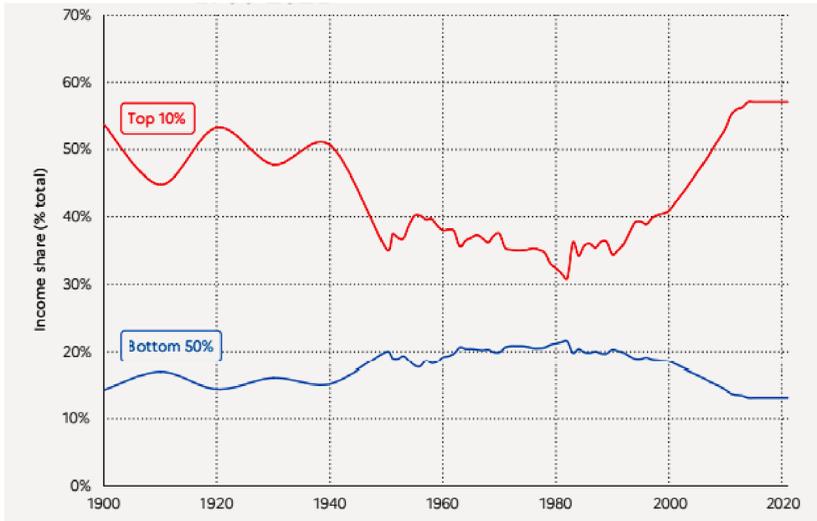


Figure 23: Income shares of the top 10% and bottom 50% in India, 1900–2021

Note: Income is gross (i.e., pre-tax) but includes pensions and unemployment insurance benefits.

Source: World Inequality Report 2022 (available at <https://wir2022.wid.world/>)

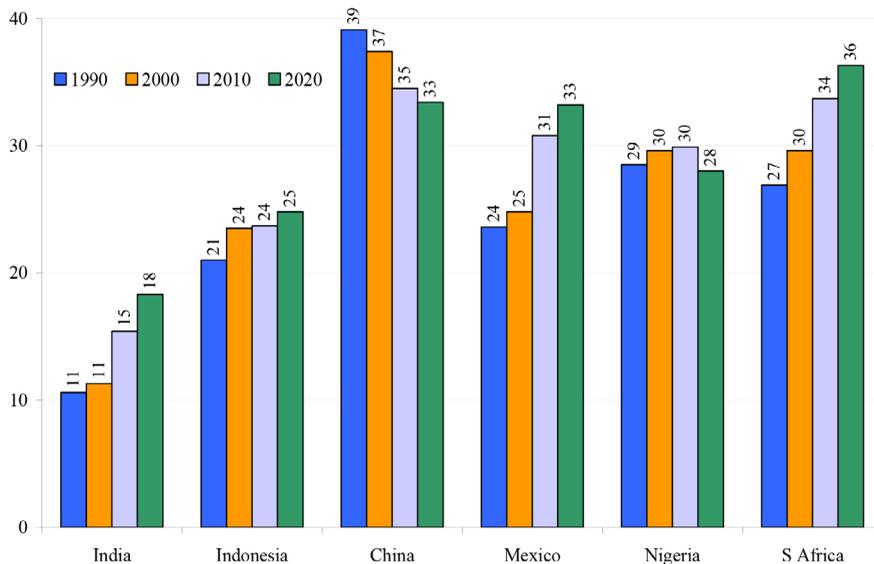
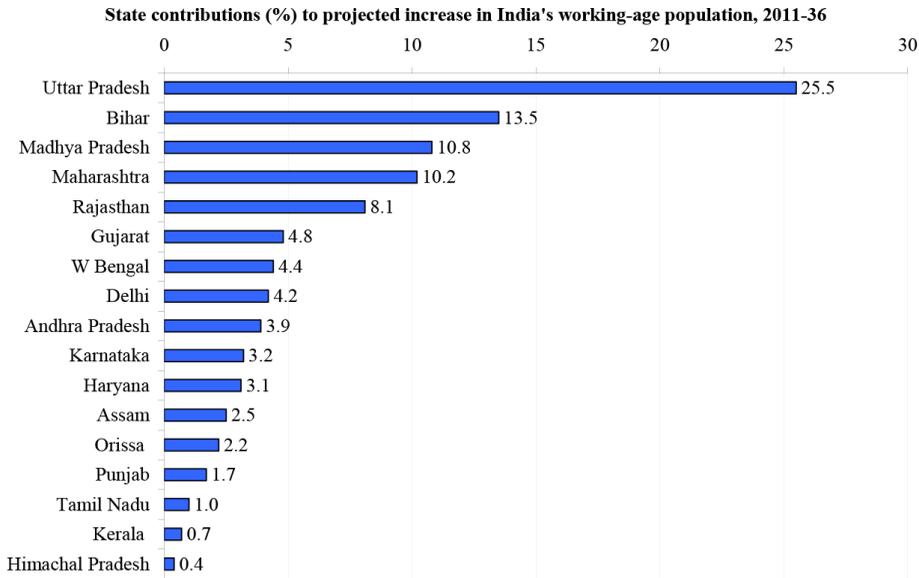


Figure 24: Percent share of total labor income accruing to women, selected countries, 1990–2020

Source: World Inequality Report 2022 (available at <https://wir2022.wid.world/>)



*Figure 25:* State contributions to projected increase in India's working-age population from 2011–36

Source: Kumar (2010)

Another aspect of uneven growth—one that will be equally important for policy moving forward—is the variability across states in generating employment and economic growth. States in the east and north, such as Bihar and Uttar Pradesh, have historically experienced far slower growth in employment and income than states in the west and south. However, these states are far behind in their fertility transitions and have experienced the largest increases in the working-age population in the last decade. This has contributed in large part to the jobless growth that India has experienced.

Further and even more worryingly, these states will continue to see very large increases in their working-age population in the coming decades. For instance, the four states of Bihar, Madhya Pradesh, Rajasthan, and Uttar

Pradesh alone are projected to account for nearly 60 percent of India's working-age population increase through 2036 (Figure 25) (Kumar 2010). Thus, the burden of utilizing India's demographic dividend will fall heavily on these states.

What India will need in the coming decades is massive numbers of jobs for unskilled and semi-skilled workers. Unless India reorients its development strategy to encourage more labor-intensive light manufacturing in the organized sector of the economy, it will be unable to provide high-quality jobs to the roughly 10-12 million individuals who will be joining its workforce annually in the coming decades. In that case, India's demographic dividend would not materialize, but could in fact turn into a demographic disaster.

### ***Impacts of aging on population health***

As noted earlier, the aging of India's population has already begun and is likely to accelerate in the coming decades, thanks to its demographic transformation. Increases in the median age of the population do not fully convey the extent to which India's elderly population is projected to grow over the remainder of the century. The population aged 65 years and older currently stands at about 90 million but is projected to grow sharply over the next three decades, more than doubling to a level of 225 million by mid-century (Figure 26). Thereafter, it will continue to increase, albeit at a more gradual pace, reaching 350 million by 2075 and 387 million by 2100. For the first time in India's recorded history, the number of elderly is projected to surpass the number of children under 5 years of age by 2030 and be more than five times the size of the under-5 population by the turn of the century.

The very large increase in the elderly population will have major implications for—and could potentially overwhelm—India's health infrastructure and spending on public health and old age security. The elderly not only have higher levels of morbidity than the young, but they also are much more likely to have long-term, chronic health problems that require ongoing, expensive treatment and management.

However, unlike developed countries that have confronted the challenge of population aging after they have already successfully addressed communi-

cable disease (CD) challenges, such as infectious childhood and parasitic diseases, India will simultaneously face the double burden of communicable and chronic or non-communicable diseases (NCDs). Indeed, this has already started occurring in the country, with NCDs such as diabetes and cardiovascular diseases responsible for a higher burden of disease as compared to CDs. In addition to aging, lifestyle factors, such as physical inactivity and unhealthy diet, associated with increasing levels of urbanization and affluence, have contributed to the growth of diseases such as diabetes and heart disease. Lifestyle factors often work synergistically with population aging to affect the incidence of NCDs.

The International Diabetes Federation Diabetes Atlas has estimated that the number of Indians with diabetes increased from about 33 million in 2000 to 74 million in 2021, resulting in an age-adjusted prevalence rate of 9.6 percent—only slightly lower than the prevalence rate in China (10.6%) (IDF 2021). Indeed, China and India together account for roughly 40 percent of all diabetics in the world. Even more alarmingly, it is estimated that more than one-half (53.1%) of the total population living with diabetes in India is undiagnosed and untreated, which means that they are at a high risk of developing severe co-morbidities, including stroke, heart and renal failure, blindness, and lower-limb amputation.

The India State-Level Disease Burden Initiative reveals a major shift in the disease burden in the quarter

century between 1990 and 2016 (ICMR 2017). The contribution of NCDs (in terms of disability-adjusted life-years or DALYs) had increased from 30.5 to 55.4 percent over the period, while the share of communicable diseases had fallen from 60.9 percent to 32.7 percent (Figure 26).<sup>9</sup> The aging of the population, combined with changes in lifestyles, is a major contributor to this epidemiological transition.

The leading causes of health loss also changed significantly over the period 1990–2016 (ICMR 2017). Diarrheal diseases slipped from *the* leading cause of DALYs in 1990 to the third leading cause. Lower respiratory diseases moved down from second to fourth rank. Meanwhile, ischemic heart diseases and chronic obstructive pulmonary diseases (COPD) moved up from being the sixth and eighth leading causes of DALYs in 1990, respectively, to the leading and second-leading causes in 2016. Likewise, stroke, which was 12<sup>th</sup> in rank in the earlier period moved up to 5<sup>th</sup> rank. Thus, of the five leading causes of DALYs in 2016, three were NCDs.

This does not, however, mean that the absolute burden of communicable diseases, such as diarrhea and lower respiratory infections, is small—far from it. In 2018, there were nearly 2.8 million deaths in India from CDs, of which 1.6 million deaths were attributable to diarrheal, lower respiratory, and other common infectious diseases. In the same year, tuberculosis and HIV/AIDS were together responsible for more than 500,000 deaths.

Three factors affect changes in

the disease burden of a country: (a) aging of the population that results in higher prevalence rates of health conditions common to old people, (b) changes in exposure to environmental risk factors (e.g., air pollution) and lifestyle factors (e.g., dietary changes, physical inactivity) that are associated with chronic diseases like COPD or diabetes; and (c) general improvements in health systems that lower the risk of premature mortality or disability once a disease or injury has occurred.

The data from India are revealing. Despite the epidemiological transition that has occurred in the country, child and maternal malnutrition is still the dominant and leading risk factor of disease burden (Figure 28). Air pollution comes in second, followed by dietary inadequacy, high blood pressure, and high levels of fasting plasma glucose.

India is thus in the unique position of having to deal with the health challenges posed by its epidemiological transition—the onset of NCDs—while it has still not fully addressed the challenges of infectious and communicable childhood diseases. The double burden of disease can be daunting.<sup>10</sup> Additionally, the process of rapid urbanization that is expected in the coming decades will make this challenge even greater, as urbanization separates millions of the elderly in the rural areas from their adult children who have migrated to cities. Finally, rising rates of obesity and physical inactivity, as well as high levels of air and water pollution, in the urban areas are likely to compound the health challenges facing India's older adults in the coming decades.

There is also a broader lesson for India from countries that have passed through an epidemiological transition earlier than India—the challenges posed by an aging population require significant outlays of public investment and resources to upgrade health infrastructure and reform health systems. Treatment and management of NCDs, such as cancer, heart disease and diabetes, is much more expensive than combating infectious diseases. Vertical programs that may have once worked well in controlling communicable diseases are not as effective in addressing NCDs.

Even though India is already in the middle of an epidemiological transition, government health spending in India remains woefully inadequate in comparison to many other low- and middle-income countries (Figure 29). Indeed, India's public health spending as a percentage of GDP has been stagnant at around 1 percent or less for decades. In 1999–2000, government health spending was about 1.12 percent of GDP (Berman and Ahuja 2008). In 2001, the global Commission on Macroeconomics and Health (WHO 2001) had recommended a level of government health spending in low-income countries that was well above what India spent then.

When the National Rural Health Mission (NRHM) was launched in 2005, the government had set a goal for itself of increasing public health spending to 2–3 percent of GDP by 2012 (GOI 2005a). Yet even by 2021–22, the number was still 1.2 percent (*The Economic Times*, 21 October 2021). Figure 30 shows that while health spending per

capita grew more rapidly than GDP per capita between 2000 and 2017 in most low- and middle-income countries, that was not the case in India.

China, which has experienced a rapid aging of its population in the last decade or two, increased its government spending on health from \$9 per capita in 2000 to \$300 in 2019—a 32-fold increase (Table 2). Even as a share of its GDP, public spending on health tripled from 1 percent to 3 percent over this period. In comparison, the corresponding increase for India was from \$4 in 2000 to \$21 in 2019—a five-fold increase in absolute terms but essentially flat when expressed as a share of GDP.

By increasing government spending on health, China was able to cut household out-of-pocket spending on health considerably—from 60 percent of total health spending in 2000 to 35 percent by 2019. High out-of-pocket spending on health is an inequitable way of financing health spending, especially in low- and middle-income countries. China was able to reduce out-of-pocket health spending by expanding universal health coverage through the provision of publicly-funded medical insurance. While India was able to also cut private out-of-pocket spending, the decrease was significantly smaller—from 72 percent to 55 percent. Households thus finance more than half of the total spending on health out of their own resources. This is onerous especially for the poor and the elderly who rely on their meager pensions and family support. The goal of universal health coverage is to keep out-of-pocket expenditures to a minimum.

While the Indian government has introduced many different publicly-funded basic health insurance schemes over the years, population coverage is still relatively low. Data from the NFHS-5 survey show that in 2019-21 about two-fifths of the *households* in the country—up from 29 percent in 2014-15—had at least one household member covered under some health insurance or health scheme (Figure 31). The proportion of *individuals* having health insurance coverage is therefore much lower. The survey found that only 30 percent of women aged 15-49 years and 33 percent of men aged 15 to 49 years were covered by health insurance or a health scheme. In contrast, some form of health insurance covered 95 percent of the Chinese population by 2015 (Zhou et al. 2020).

Roughly, half of those with insurance were covered by a state health insurance scheme and 16 percent were covered by the *Rashtriya Swasthya Bima Yojana* (RSBY). The Employee State Insurance Scheme (ESIS) or the Central Government Health Scheme (CGHS) covered only 3-6 percent of women and 4-7 percent of men. There were large inter-state variations in health insurance coverage, with Andhra Pradesh and Rajasthan having more than 80 percent coverage and Uttar Pradesh and Kashmir having roughly 15 percent coverage (Figure 31).

As the size of the elderly population in India grows, social assistance and income support for the elderly—especially the elderly poor—will become increasingly important. The 2011 Census showed that only 12 percent of

the workforce is covered under various pension systems (OECD 2021). This reflects the fact that a very large proportion of the Indian labor force works in the unorganized and informal sector. Over the years, the government has introduced a number of different social assistance schemes for the elderly who are not covered by government or organized-sector employment—for example, the National Old Age Pension Scheme, the National Family Benefit Scheme, the Annapurna Yojana (providing food security to senior citizens), and the Indira Gandhi National Widow Pension Scheme (covering widows aged 40-79 years) —but it is not clear what proportion of the elderly beyond retired government and organized-sector employees are actually covered by these schemes. Accurate information is lacking on the take-up rate of such social assistance schemes and the extent to which they are meaningful sources of economic support for the vast majority of the elderly in India. It is likely that extended families are the main source of social security and income support for the elderly.

### ***Implications of changing sex ratios***

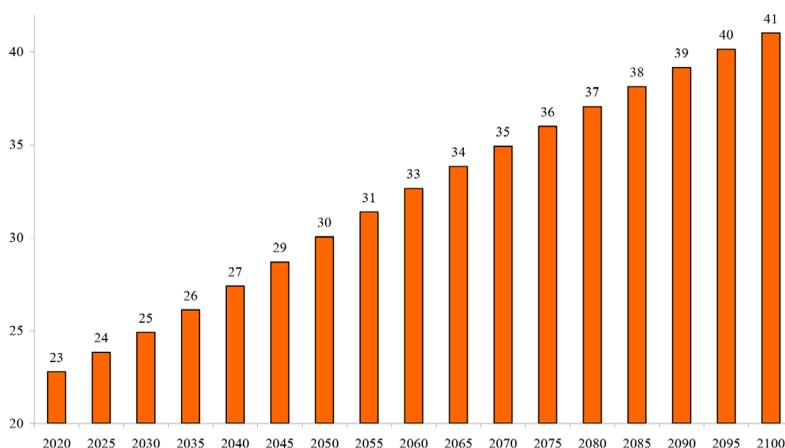
India's sex ratio at birth is heavily masculine and getting more masculine over time, as fertility rates have declined. Since this worsening of the sex ratio has been occurring since the early 1980s, the surplus of males over females has now moved into youth ages. UN population projections of the surplus male population from 2020 to 2100 are shown in Figure 32. They show that the surplus is most pronounced in the age group

15-29 years, with more than 21 million more males than females in this group. Over time, the male surplus will begin shifting to older age groups. In 2060, for instance, there will be a total of 7 million more men than women in the age group 55-69 years. Because mortality rates for men are higher than those for women at older ages, the male surplus gets progressively smaller at older ages.

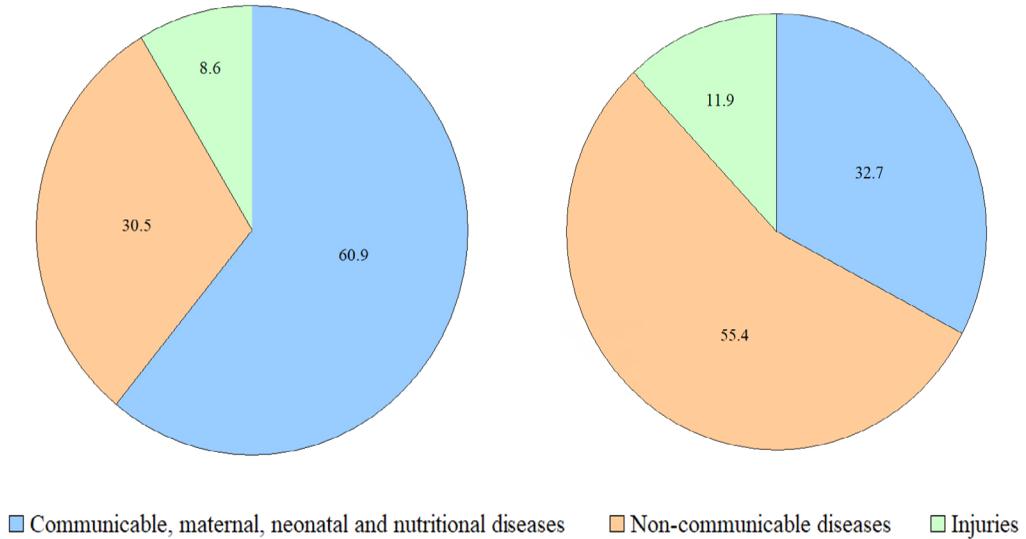
Imbalanced sex ratios can have several undesirable social implications, one of which is a “marriage squeeze.” Many men of marriageable age will be unable to marry since there will not be enough potential brides of marriageable age for them. In a society like India where there is a norm of universal marriage, this could pose a problem. It is also likely that having an entire cohort of young men who are forced by demographic circumstances to remain single increases the likelihood of crimes in general but specifically crimes against women and human trafficking. There is some evidence from China suggesting that an increase in the male-female ratio among 16–25-year-olds coincided

with a sharp increase in crime over the period 1988–2004 (Edlund et al. 2013). The shortage of potential brides—especially acute in the rural areas of China because of many young women having migrated to the cities in search of employment opportunities—has created a demand among rural men for brides from North Korea. Human traffickers often supply such brides to these men by transporting poor North Korean women illegally across the border into China (Davis 2006).

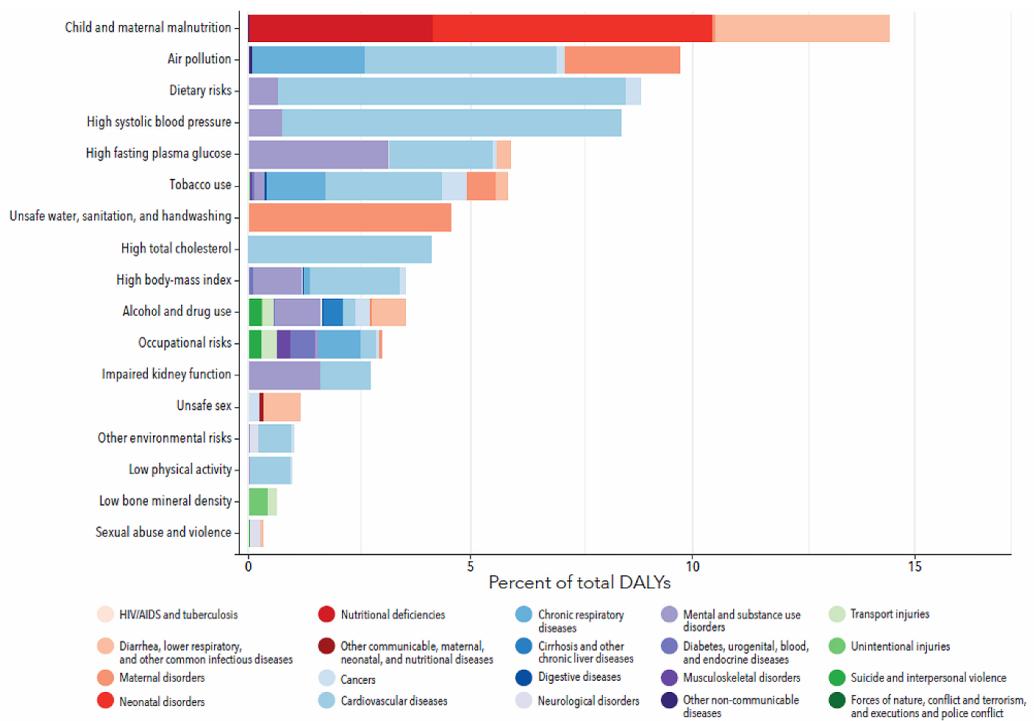
In India, as well, there has been an alarming increase in crimes against women in recent years. Using data from the annual reports of the National Crime Records Bureau, Dandona et al (2022) have estimated that the crime rate against girls and women has risen more than 70 percent over the last two decades in India—from 11.5 assaults per 100,000 women in 2001 to 19.8 assaults in 2018. Of course, it is unclear to what extent this is related to the rise in the sex ratio and the increase in the relative surplus of male youth in the country.



**Figure 26:** Projected median age of India’s population, 2020-2100  
Source: UN Population Division, *World Population Prospects 2019* database.



**Figure 27:** Contribution of major disease groups to total DALYs in India, 1990 and 2016  
Source: ICMR (2017)



**Figure 28:** Percent DALYs attributable to various risk factors in India, 2016  
Source: ICMR (2017)

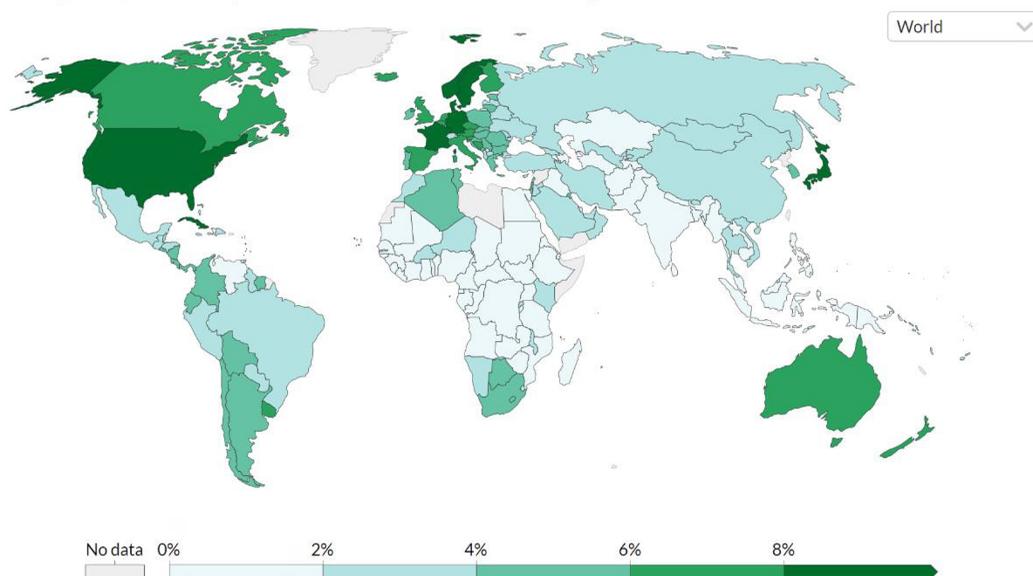


Figure 29: Government health spending as a share of GDP across the world, 2018

Source: WHO, <https://ourworldindata.org/financing-healthcare>

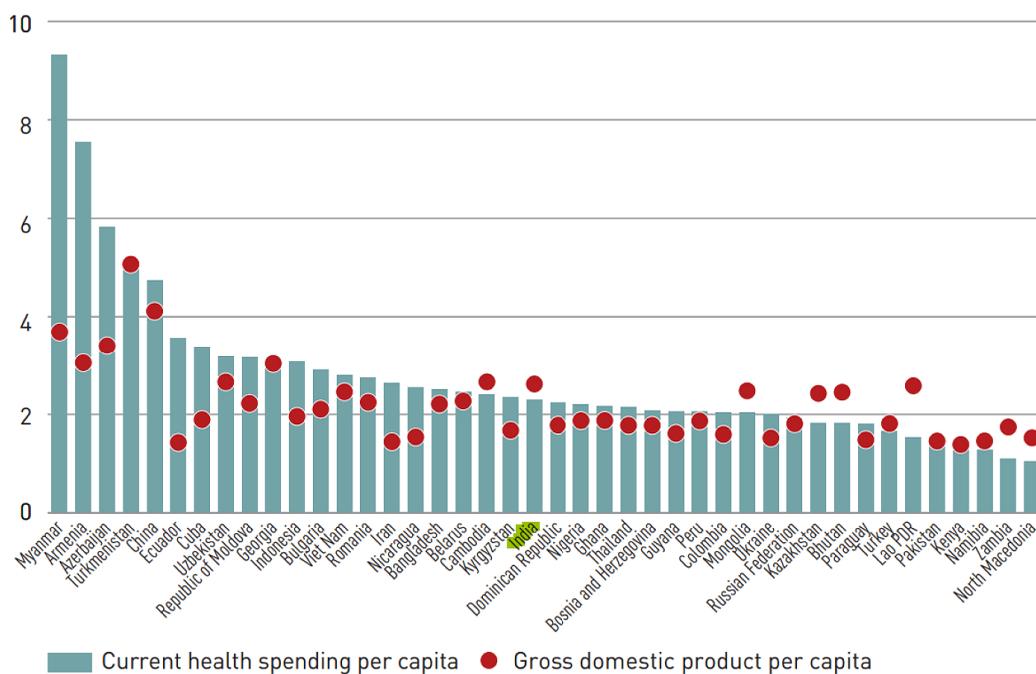


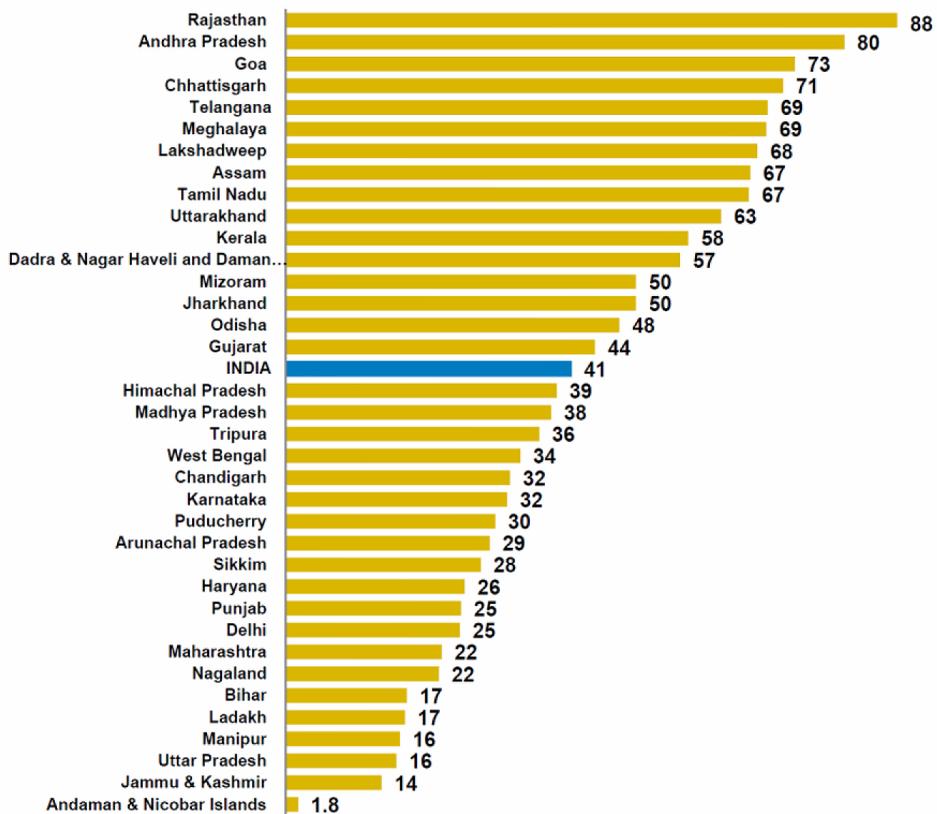
Figure 30: Cumulative growth of GDP and recurrent health spending across countries, 2000–17

Source: WHO, <https://ourworldindata.org/financing-healthcare>

**Table 2:** Health spending in China and India, 2000–19

Variable	China			
	2000	2006	2012	2019
Total health spending US\$ per capita	42	81	282	535
Govt health spending as % of total health spending	22	35	56	56
Out of pocket spending as % of total health spending	60	56	39	35
GDP US\$ per capita	934	2,058	6,169	10,002
Total health spending as % of GDP	4.5	3.9	4.6	5.3
Govt health spending as % of GDP	1.0	1.4	2.5	3.0
Variable	India			
	2000	2006	2012	2019
Health spending US\$ per capita	19	30	49	64
Govt health spending as % of total health spending	21	21	28	33
Out of pocket spending as % of total health spending	72	72	63	55
GDP US\$ per capita	459	813	1,470	2,115
Total health spending as % of GDP	4.1	3.7	3.3	3.0
Govt health spending as % of GDP	0.9	0.8	0.9	1.0

Source: WHO (2019)



**Figure 31:** Percentage of households with at least one member covered by some health insurance program or scheme, 2019–21

Source: National Family Health Survey 5, 2019–20

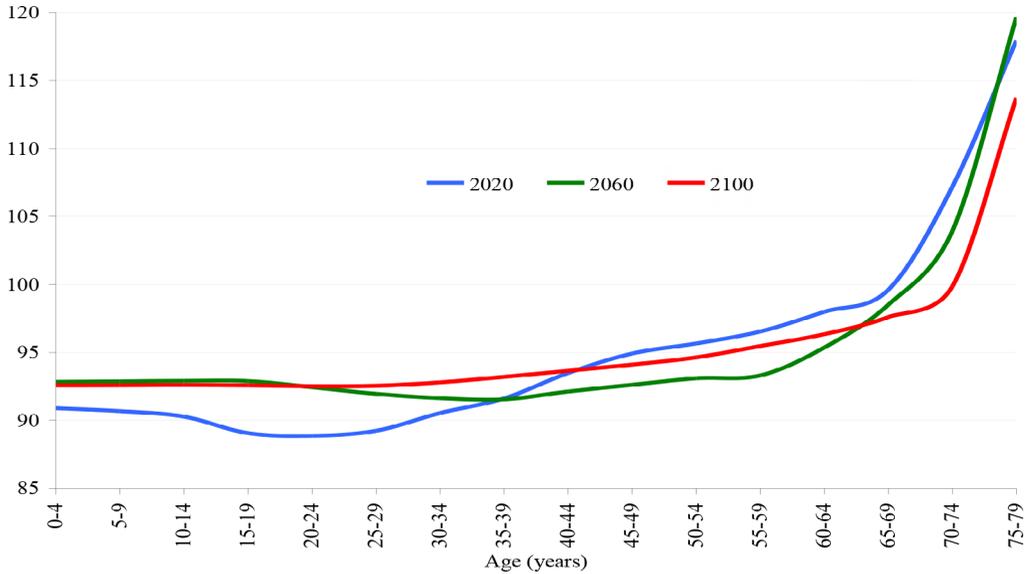


Figure 32: Projected sex ratio (females as % of males), by age, 2020–2100

Source: United Nations Population Division, *World Population Prospects 2019* database

## Concluding Remarks

India is already in the midst of its demographic dividend, and there is only a short window of opportunity remaining—perhaps two decades at most—before the dividend starts dissipating. Human capital investments will need to be front and center of a strategy to capitalize on India’s demographic dividend. Significant further investments will need to be made in ensuring broad-based and inclusive human capital development—in education, nutrition, and health. As many as 200-250 million children currently aged 5-15 years will reach working age in another decade or so. To ensure these students are employable and productive in the economy, it is imperative for them to be well-nourished and healthy and to have basic reading and numeracy skills.

Building an improved human capital foundation for the next generation of workers needs a refocus in policy priorities toward (i) universalization of secondary schooling, especially among girls; (ii) greater focus on student learning outcomes instead of delivering an unrealistic and often outdated curriculum; (iii) more skills-based and vocational training for youth in post-secondary institutions; (iv) improved health systems and health infrastructure to address traditional infectious childhood diseases; and (v) improved focus on combating the scourge of child stunting and underweight. Despite progress in reducing child malnutrition, recent estimates show that a third of all children below five years of age are stunted and underweight. With its pernicious effects on student learning, cognitive development, later-life health,

and labor productivity as an adult, early-life undernutrition represents an enormous waste of India's human capital and future growth potential.

India's educational system will also need a major revamp if the country wishes to fully capitalize on its demographic dividend. The system is more focused on curriculum delivery than on learning. Even at the post-secondary level, there is little emphasis on building technical skills to prepare students for productive jobs. Recent studies suggest that barely a quarter of engineering graduates in the country, let alone high school or college graduates, are employable. All this will need to change if the current cohorts of school-age children and college graduates are going to be ready for productive jobs upon graduation.

Because of the large inter-state disparities in both social and economic indicators, a one-size-fits-all approach will not work in India. The northern and eastern states, such as Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Orissa, Rajasthan, Uttaranchal, and Uttar Pradesh, have worse nutritional, health and educational outcomes than the southern and western states. These are also the states where public infrastructure and governance are weakest, and the net addition to the working-age population (demographic dividend) will be highest. This makes policy reforms in these states more imperative but also more challenging to implement.

At the same time, India's population will age rapidly over the coming

decades. By 2030, there will be more individuals aged 65 years and over than children below 5. Aging will bring its own sets of problem, the chief among which will be health. As countries have aged, the burden of disease has shifted from communicable diseases to NCDs, such as cancer, heart diseases, and diabetes. While that has started happening in India (with NCDs already accounting for more than one-half of the total disease burden in the country), the country also faces a large absolute burden of infectious diseases, such as diarrhea and lower respiratory infections. Health systems in the country are ill-prepared to meet this double burden of disease, especially as the treatment and management of NCDs that tend to be chronic in nature is significantly more expensive. Government health spending per capita is still very low in the country. Despite past commitments to raise the level of spending to 2-3 percent of GDP, government expenditure on health has remained around one percent of GDP for more than two decades—significantly lower than in many other Asian countries, such as China, Indonesia, and Sri Lanka.

As chronic conditions become endemic, the public financing of health interventions will need to shift. Currently, a large proportion of spending on health is in the form of out-of-pocket payments by patients. Because of overcrowding, inadequate access, and the poor quality of care in public secondary and tertiary health facilities, individuals are often forced to visit private facilities. Most drug costs, even in presumably-free public facilities, are borne

by patients. As a result, more than one-half of health expenses are paid out-of-pocket by patients, imposing a major economic burden on them. Other low- and middle-income countries have addressed this issue by expanding and universalizing health coverage through the provision of publicly-funded medical insurance. While India has taken steps in this direction, fewer than a third of working-age adults are covered by any form of health insurance.

The aging of the population will have another implication beyond the rise of NCDs and the double burden of disease. The large elderly population living for decades beyond their working years will need income support from other sources besides their children and families, especially as there will be fewer children to look after their parents. Despite the introduction of numerous social insurance and pension schemes for the elderly during the last decade, only 12 percent of Indians are covered by a formal pension scheme and the main support system for the elderly in India remains the extended family. The plight of the elderly, especially among poor families, is difficult, with widows suffering an especially low status in extended households. As such, programs that guarantee basic income support for the elderly will need to be an important part of any social protection system in India.

But simply investing in human capital will not be enough. India has been unable to fully utilize its demographic dividend to date not only because of its low-skills workforce but

also because of the nature of Indian economic growth. Growth of the economy has simply not translated into enough jobs for young people and for women. Indeed, the employment elasticity of growth has been virtually zero for women and negative for youth. Nor has the country invested enough in labor-intensive light manufacturing—the kind that turned China into the factory of the world and provided jobs to hundreds of millions of rural workers starting in the 1980s.

In part, the jobless growth that the Indian economy has experienced also reflects the rising inequality in the country. Much of the growth during the last two decades has been driven by consumer spending in the burgeoning urban middle class. Most of these consumer goods are not particularly labor intensive in nature.

Additionally, trade policies and labor market rigidities (with antiquated labor-market regulations) have contributed to weak employment generation in Indian manufacturing. Despite seven decades of economic development, Indian labor markets, even in the urban areas, remain largely informal in nature and much of the increase in manufacturing employment that has taken place in the past has been in the unorganized, small-scale sector.

In particular, the Indian economy's creation of high-quality jobs has most adversely impacted women. The female labor force participation rate remains unusually low in India, even relative to other countries in the region (e.g., Bangladesh), and there is evidence

that the labor force participation rate for women has declined over time. It is unlikely that this decline reflects supply-side factors (namely, women's desire to opt for leisure or home production with increased affluence). More likely, it reflects the state of India's job markets, which have offered little by way of decent, high-quality jobs, particularly for youth and women. Moving forward, Indian economic policy will have to focus squarely on creating high-quality job opportunities for women and youth, so that India can mobilize more than half of its working-age population that has been left behind.

This paper has not touched upon the environmental implications of the demographic dividend.

A sobering reality is that, despite the decline in fertility, India's population will continue to increase until the middle of this century. Indeed, another quarter-billion people will be added to India's population in the next 3-4 decades. Rapid economic and population growth in the past have already strained the environment to its physical limits, with Indian cities routinely ranking among the most polluted and most water scarce in the world. To keep up with increased food demand, agricultural cultivation has intensified, and the use of fertilizers, pesticides, and water has increased tremendously. Carbon emissions per capita have risen seven-fold in the last 50 years, with India ranking as the third largest carbon polluter in the world (after China and the United States). Air, water, and soil pollution have had serious impacts on human morbidity and mortality in the country.

It is estimated that India has the largest number of pollution-related deaths in the world (2.4 million in 2019). Climate change is only going to make all this even worse. Clearly, if India is to expand labor-intensive manufacturing and further intensify its agricultural sector to feed an additional 250 million people, it will have to pursue a more environmentally sustainable "green" development strategy.

The green development will have to be comprehensive and particularly address the situation in urban areas, where growth has been haphazard and the quality of life for many residents is poor. Many of these individuals have no or low-productivity jobs, substandard housing, and paltry access to public services. Several Indian cities are on the verge of running out of water, and air quality is among the poorest of any cities in the world. Major public investments will need to be undertaken in urban infrastructure and services, and cities will need to come up with creative "green" and inclusive development strategies that offer good jobs, affordable housing, clean air and water, and improved access to public services.

Finally, the other bane of Indian society—son preference among households—continues unabated, having become stronger over time, even in the face of expanding female education and rising affluence. In its extreme form, son preference leads to sex-selective contraceptive behavior or, even worse, abortions and neglect of infant girls. As a result of such practices, it is estimated that excess female under-five mortality

may be as high as 18.5 for every 1,000 live births. Nearly 45 million females are presumed missing in India, constituting a third of all missing females in the world (the other major violator in this regard being China).

Deep and pervasive societal gender discrimination of this type is corrosive and violates the basic human rights of half of India's population, but

it is also self-defeating since women can play an important role in powering future growth and development in India. Indeed, women may be India's best and least underutilized remaining resource. If India is to become a prosperous, inclusive society in the coming decades, it will need to incorporate women much more fully and proactively in its future growth and development strategies.

## **Endnotes**

- 1 This paper draws upon a more comprehensive and detailed report prepared for the World Bank by the author: "Long-term Demographic Changes in India and Implications for Human Development Outcomes and Strategies" (August 2022).
- 2 In most populations, more male than female babies are born to compensate for the slightly higher (biological) risk of mortality among newborn boys relative to girls.
- 3 Note that while fetal sex discernment is banned in India by the Pre-Conception and Pre-Natal Diagnostic Techniques Act of 1994, such a ban is difficult to enforce since abortions are legal and the technology that permits fetal sex detection is available legally for routine medical purposes such as antenatal care.
- 4 The grey area is a residual category that includes all urban settlements with a population of fewer than 300,000 inhabitants.
- 5 Data from the Fifth National Family Health Survey conducted in 2019–21.
- 6 The "National Education Policy" of 2020 has envisioned a transformation in education by putting a greater focus on quality. But it is too recent to be evaluated. Government schools are crippled with problems such as widespread teacher absenteeism and inadequate classrooms, toilet facilities, and other infrastructure. Low-quality public education has driven parents – even from lower-income groups – to private schools. The problems in education mirror those in the health sector, where patients are driven to the private sector by a poorly performing public health care system.
- 7 More recent data from the Periodic Labor Force Survey conducted by the National Sample Survey show an uptick in both female and male labor-force participation rates. For instance, the rate for women aged 15 years and over increased from 23.3 percent in 2017–18 to 32.5 percent in 2020–21. It is not clear that whether this uptick marks a reversal in the long stagnancy of labor force participation rate or if it is attributable to the Covid pandemic in 2020 and 2021.
- 8 The Indian Parliament has recently passed new labor reforms, codifying 29 previous labor laws into four codes. The legislation focuses on protecting workers and cutting red tape, as well as extending factory shifts from nine to 12 hours and allowing women to work in night shifts, but the legislation is likely to only benefit the small minority of workers in the organized

sector. Additionally, it is not clear how the new legislation will introduce greater labor-market flexibility, which is often regarded as a disincentive to formal employment growth in Indian manufacturing.

- 9 Disability-adjusted life years (DALYs) is a commonly used measure of the health burden caused by different diseases that takes into account both premature mortality and disability. One DALY represents the loss of the equivalent of one year of full health.
- 10 The devastation wreaked by the Covid-19 pandemic in 2021, with unofficial estimates of 3-5 million deaths caused by the disease, is a telling example of the challenges India continues to face in controlling communicable disease. India was one of the worst-affected countries by Covid-19.

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# Remunicipalization of a Public-Private Partnership: Lessons in Health Policy from Chhattisgarh, India

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## ABSTRACT

The last few decades in India have seen a policy push towards Public-Private Partnerships (PPPs) and they continue to remain a key feature of health sector reforms in India. The emergence of PPPs in healthcare relates to the country's move towards commercialization of healthcare, influenced by both national processes and the international political economy. In this paper, we provide a historical overview of health policy making on PPPs; discuss the evidence on PPPs nationally and internationally in terms of their impact on people and health systems; and through a case study of remunicipalization of a public-private partnership from the Chhattisgarh state of India provide insights on alternative pathways. Data collection methods for the case study include semi-structured interviews of key functionaries involved in the process of remunicipalization and patients who had received services from the hospital along with secondary data and newspaper reports. The study shows that alternative paths are possible for governments wanting to provide quality, free and dignified health services within the public sector. Strengthening government health systems and bringing in outsourced and privatized institutions and services into government ownership are a key policy step towards health equity and universal healthcare.

**Keywords:** public private partnerships, remunicipalization, health systems strengthening, health equity, PPP

## Remunicipalización de una asociación público-privada: lecciones de política sanitaria de Chhattisgarh, India

### RESUMEN

En las últimas décadas en la India se ha producido un impulso político hacia las asociaciones público-privadas (APP) y éstas siguen siendo una característica clave de las reformas del sector de la salud en la India. El surgimiento de las APP en el sector de la salud se relaciona con el movimiento del país hacia la comercialización de la atención médica, influenciado tanto por los procesos nacionales como por la economía política internacional. En este artículo, proporcionamos una descripción histórica de la formulación de políticas de salud en materia de APP; discutir la evidencia sobre las APP a nivel nacional e internacional en términos de su impacto en las personas y los sistemas de salud; y a través de un estudio de caso de remunicipalización de una asociación público-privada del estado de Chhattisgarh en la India, se ofrecen ideas sobre caminos alternativos. Los métodos de recolección de datos para el estudio de caso incluyen entrevistas semiestructuradas a funcionarios clave involucrados en el proceso de remunicipalización y pacientes que habían recibido servicios del hospital junto con datos secundarios e informes periodísticos. El estudio muestra que son posibles caminos alternativos para los gobiernos que quieran brindar servicios de salud de calidad, gratuitos y dignos dentro del sector público. Fortalecer los sistemas de salud gubernamentales y hacer que las instituciones y servicios subcontratados y privatizados pasen a ser propiedad del gobierno son un paso político clave hacia la equidad sanitaria y la atención sanitaria universal.

**Palabras clave:** asociaciones público-privadas, remunicipalización, fortalecimiento de los sistemas de salud, equidad en salud, APP

## 公私合作伙伴关系的再市政化：印度恰蒂斯加尔邦卫生政策的经验

### 摘要

过去几十年，印度政策推动了公私合作伙伴关系(PPP)，并且这种关系仍然是印度卫生部门改革的一个关键特征。PPP在医疗保健领域的出现与该国医疗保健商业化的进程有关，受到国家进程和国际政治经济的影响。本文中，我们对关于

PPP的卫生决策进行了历史概述；探讨了国内和国际上关于PPP对人民和卫生系统影响的证据；并通过印度恰蒂斯加尔邦公私合作伙伴关系再市政化的案例研究，提供了有关替代性途径的见解。案例研究的数据收集方法包括：对参与再市政化过程的关键官员和接受过医院服务的患者进行半结构化访谈，以及次级数据和报纸报道。研究表明，对于希望在公共部门内提供优质、免费和有尊严的医疗服务的政府来说，替代性途径是可能的。加强政府卫生系统并将外包和私有化的机构和服务纳入政府所有，是实现健康公平和全民医疗保健的关键政策步骤。

关键词：公私合作伙伴关系，再市政化，加强卫生系统，卫生公平，PPP

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## Introduction

The last few decades in India have seen a policy push towards Public-Private Partnerships (PPPs), and they continue to remain a key feature of health sector reforms in the country (Baru 2003; Baru and Nundy 2008; Singh 2020; Sarwal et al. 2021; Prasad 2022). The emergence of PPPs in healthcare relates to the country's move towards commercialization of healthcare, influenced both by national processes and by international political economy (Baru 2003, Nandi et al. 2020). In this paper, we provide a historical overview of health policy making on PPPs, discuss the evidence on PPPs nationally and internationally in terms of their impact on people and health systems, and through a case study of remunicipalization of a PPP provide insights on alternative pathways in health policy for improving health services. In the current Indian context, where the policy push in healthcare is show-

ing trends toward PPPs and away from public provisioning of health services (Nandi 2020; Nandi and Joshi 2021; Sarwal et al. 2021), this study aims to demonstrate the potential of the public sector in ensuring efficiency and equity in healthcare services.

## Historical overview

Despite the Indian state's socialist leanings post-independence, the national focus remained on industrial growth while social sectors like health and education were given low priority (Sen and Drèze 2002; Duggal 2001; Amrith 2011). Historically speaking, investments in health in India in terms of budgets have been lower than in almost any other country (Sen and Drèze 2002). At the time of Independence, the Bhore committee of 1946 had comprehensively dealt with the state of poor and inadequate health infrastructure making comprehensive recommendations but this was only partially adopted (Duggal 2001). The

form of public healthcare provisioning that the 1950s and 1960s and later years saw, focused on the eradication of diseases such as malaria, smallpox, and Tuberculosis in a “techno centric approach” through vertical programmes,<sup>1</sup> done mostly through the aid of international agencies (Duggal 2021). It was in the decade following 1983 (the first National Health Policy was formulated in 1983) that the expansion of primary healthcare through Primary Health Centres (PHCs) and Sub Health Centres (SHC) took place (one PHC per 30,000 population and one SHC per 5,000 population). However, even though public infrastructure was created, it remained insufficiently resourced, parallely leading to privatization and private sector expansion in the health sector in this period (Duggal 2001; MoHFW 2002). It is important to note that the growth of the private sector is related to the underfunding of the public sector, and both sectors are not discreet (Baru and Nundy 2008).

Scholars have noted that in the decade of 1980 onwards, the Indian economy saw a marked “shift towards greater commercialization and the opening of the health sector to more private sector investment” due to various events, including the 1991 liberalization reforms (Jeffery 2018). Before the 1980s, partnerships primarily involved non-profit organizations and focused mainly on National Health Programs, particularly the Family Welfare Program (Nundy 2021). However, in the mid-1980s, the concept of PPPs broadened to include other National Health Programs such as disease control and Reproductive and

Child Healthcare programs, facilitated by external funding from institutions like the World Bank (Baru and Nundy 2008). Baru and Nundy (2008) make a distinction between the PPPs of the 1990s and the ones prior to it wherein the “former conceptualizes both partners as equal and is arbitrated through a formal memorandum of understanding (MOU) while in the latter the role of non-state players was peripheral to the programme” (Baru and Nundy 2008). The rationale behind collaborating with the for-profit private sector was often justified by the argument that the public sector was not meeting its objectives. However, this reasoning overlooked the fact that states often lacked adequate funding for healthcare and lacked an appropriate regulatory framework for the private sector to effectively deliver social services (Jeffery 2018; Nandi et al. 2021). While discussing the national picture, it is important to highlight the variations within the Indian states. For example, a state like Kerala with Left-leaning politics, and a focus on state involvement and strong local health governance, or Tamil Nadu with a history of progressive movements, have done significantly better compared to other states in public provisioning of healthcare and health governance (Amrith 2011; Balabanova 2013).

### **PPPs and influence of ideologies and international processes**

**T**he PPPs have been defined as “a more or less permanent co-operation between public and

private actors, through which the joint products or services are developed and in which the risks, costs and profits are shared” (Montagu and Harding 2012, 15). Scholars have also categorized all forms of interaction between the private sector and the government as PPPs (Raman and Björkman 2008). The neo-liberal ideology and ethos have served as a conceptual and motivating framework for policies of privatization and PPPs (Baru and Nundy 2008). Some features of this ethos are: reduction of government’s role in economy; retrenchment of the welfare dimension of the state, such as, privatizing public assets, reducing public expenditure, a market-based approach, and deregulation; and lastly individual responsibility replacing the concepts of public goods and community (Sakellariou and Rotarou 2017). Such ideological apparatus was necessary to bring in policies that gradually or swiftly aided the commercialization of healthcare in different ways.

The election of conservative governments in the 1980s (Thatcher in the UK, Reagan in the U.S., Kohl in Germany) accompanied by events of recessions led to a swift proliferation of this ideology. Following the debt default of developing countries, structural adjustment policies (SAP) were imposed on indebted countries (Baum et al. 2016). The SAPs meant a reduction of public health budgets, opening of markets, reduction in regular and secure recruitment/hirings and so on (Sengupta et al. 2018; Steendam et al. 2019; Pownall 2013; Nandi et al. 2020). As such, it is believed that neo-liberalism pushed for a market economy in public healthcare,

education, and social security sectors (Baum et al. 2016). Multilateral organizations were also influenced by the international processes and in these decades came to endorse public-private collaborations in the health sector (Baru and Nundy 2008; Nandi et al. 2020). Although involving the private sector through a PPP is different from outright privatization these PPPs have been seen as a continuation of the process of commercialization of the health sector (Fabre 2019; Baru and Nundy 2017; PHM 2022). The PPPs have taken different forms in recent decades, and implemented widely all over the world, particularly in lower- and middle-income countries (Rao et al. 2018; Fabre 2019; Nandy et al. 2021; Nandi 2023; Sundararaman and Garg 2022; Mukhopadhyay and Sinha 2019). In the recent years PPPs have been globally promoted within the framework of universal health coverage (UHC),<sup>2</sup> with the stated objectives of improving equity, access, financial protection, and coverage of health services (Kumar and Birn 2018; PHM 2022). In India, this is being seen in the rolling out of a Publicly Funded Health Insurance scheme (PHFIs), in the form of Pradhanmantri Jan Arogya Yojana (PMJAY). In this form, empanelled private hospitals are expected to provide health services (currently mostly limited to tertiary level) while the government finances/reimburses them for these services instead of providing/strengthening it in the government sector. Studies evaluating these schemes in India have shown their inability to provide financial protection, occurrence of distress financing and

adverse impact on women and other marginalized communities (Nandi et al. 2022, Bhageerathy et al. 2021; Nandi 2020; Garg et al., 2020; Garg et al., 2023).

## **Evidence related to PPPs in India and globally**

Overall, the academic literature covering PPPs in healthcare is scarce (Fabre 2019; Nundy et al. 2021). A literature review of existing evidence at best suggests that the performance of PPPs has been mixed in terms of its “success.” It has been noted that at the beginning a PPP may bridge the immediate gap in an otherwise non-existent or weak system and make services available possibly leading to an increase in initial uptake and utilization of these services (Nundy et al. 2021; Nandi et al. 2021). Evidence shows the adverse impact of PPPs on people’s health, particularly on women and indigenous and other marginalized communities, health worker rights, health governance, accountability and transparency, public healthcare system and healthcare costs (Joudyian et al. 2021; Carvalho and Nuno 2022; Nandi et al. 2022; Tizard and Walker 2018; Gideon and Unterhalter 2017; Kotecha 2017; Hall 2015; Enríquez and Blanco 2023). Recent studies have linked privatization and outsourcing of health services and facilities to declining quality of care with negative effects on health outcomes, staffing, and accessibility (Goodair and Reeves 2024). Additionally, experiences in India on implementing PPPs show that often they do not take off or fail in implementation (Nandi et

al. 2021; Nandi and Joshi 2018a; Nandi and Joshi 2018b). Rajasulochana and Dayashankar (2020) note that the enthusiasm for PPPs in healthcare has, however, not been accompanied by a willingness to draw lessons from it. They argue that even the basic tenets of design and implementation of the PPP model have not been met, and in their absence, PPPs have become wasteful and burdensome on the public exchequer. Theoretically too, there has always been the danger of the private partner prioritizing profit or revenue maximization at the cost of issues of equity and poverty (Roy 2017; Mitchell n.d.).

Different rationale are being provided to introduce PPPs. These include presenting the private sector as more efficient than the public sector, and competition as a solution for overcoming market failure, reducing costs, and enhancing efficiency. This view portrays the government as lacking the capacity to provide services, regulate, and procure, among other factors (Sundararaman and Garg 2022). Another rationale given for PPPs is the scarcity of state resources available with the state (Baru and Nundy 2017; Carvalho and Nuno 2022) and in that framework partnerships with the private sector are viewed as a solution, a source of greater investments, and a way of filling gaps in delivery of clinical and/or nonclinical services (Baru and Nundy 2017). However, this argument does not stand any longer as under the UHC framework,<sup>3</sup> a policy of purchaser-provider split and “strategic purchasing”<sup>4</sup> is advocated, which effectively means private provisioning of health services but with pub-

lic funds (Nundy et al. 2021; PHM 2022; Sundararaman and Garg 2022; Nandi et al. 2020; Kumar and Birn 2018; Sinha 2022). At the same time, evidence from many “low resource” countries or regions, such as Thailand and Sri Lanka, suggests that better health and social outcomes can be achieved (often better than others at a similar level of income) through political will and socially progressive policies reflected in public provisioning of health services (Balabanova 2013; Tangcharoensathien et al. 2018; Kumar and Birn 2018). Even in India, states such as Kerela and Tamil Nadu have done significantly better in terms of public sector healthcare provisioning, which was also reflected during the Covid-19 pandemic (Balabanova 2013; Adithyan and Sundararaman 2021).

### **Remunicipalization of Advanced Cardiac Institute (ACI) in Chhattisgarh, India**

The following case study is about remunicipalization of a tertiary hospital, Advanced Cardiac Institute (ACI), which was initially built as a PPP in Chhattisgarh state of India. (Re)municipalization is understood as

the creation of a new public service—municipalization— or reversals from a period of private management—remunicipalization (Kishimoto et al. 2020). Through documenting and analyzing the remunicipalization process of ACI, we aim to illustrate the alternative policy pathways to PPPs, their strengths, advantages for people, and the public healthcare system over PPPs. The case study (Joshi and Nandi 2021) was undertaken as part of the larger research project on municipalization and de-privatization. The case was identified as an instance of remunicipalization. The study aimed to understand the impact/ effect of the remunicipalization on the provision of health services and draw lessons (if any) in health policy from it. Data collection methods included semi-structured interviews of key functionaries involved in the process of remunicipalization and patients using the services (Table 1). Additionally, review of hospital data, government documents, and media articles was undertaken. The researchers manually analyzed the qualitative data, guided by the study objectives and emerging themes. Informed consent was obtained from all respondents in the study.

**Table 1:** Respondents (health officials) and their designations

<b>Interview Respondents</b>	<b>Position</b>
Resp. 1	HoD, Cardiology Department, ACI
Resp. 2	Medical Social Worker
Resp. 3	Ex-Dean, Bheem Rao Ambedkar Medical College Hospital
Resp. 4	HoD, Cardiothoracic and Vascular Surgery (CTVS) department, ACI
Resp. 5	Physician Assistant

## Background

In 2000, soon after Chhattisgarh was carved out from Madhya Pradesh, the government of the newly formed state was under political pressure to show visible expansion of health services (Garg 2019). There was a rising demand from the upper classes for tertiary care services, and thus started the first wave of PPPs in the state during which PPPs for critical cardiac care and gastroenterology were introduced (Garg 2019). In this background, in 2002, a “state-of-the-art Heart Command Center” (henceforth called Escorts HCC) was set up in partnership with the Escorts Heart Institute and Research Centre (EHIRC),<sup>5</sup> which was selected through a non-competitive process on the basis of their reputation as a nationally renowned corporate group focused on tertiary cardiac care (Datta 2020; Garg 2019).

The EHIRC was to “manage and operate” the Escorts HCC, according to the Agreement (MoU or Memorandum of Understanding) between EHIRC Ltd and the Chhattisgarh State Government for establishing Heart Command Centre (HCC) on 29 August 2002 (copy of the MoU obtained by Authors). It was set up in Raipur, the capital city, adjacent to Dr B.R. Ambedkar Memorial Hospital (popularly known as *Mekahara*), the biggest government medical college and hospital in Chhattisgarh and an end referral point for people of the state.

The State Government provided all initial capital costs, including land for the hospital, all medical equipment, basic and supporting infrastructure, and

facilities. The Escorts HCC on its part, was to recruit all the required medical and non-medical staff and take responsibility for procuring medicines, surgical materials, and other consumables. Other running costs such as electricity, water supply, waste management, etc. too were to be paid by the Escorts HCC on a cost basis. The contract was for a five-year term, and it was renewed twice between the period 2002 and 2017.

The contract conditions were as follows, according to the MoU:

- Escorts HCC was to have full freedom to carry on the operations and management of the HCC including without limitation, fixation of schedule/tariffs, without any interference by, or reference, to the state government.
- Escorts HCC was to make 15 percent of beds available for patients below the poverty line referred by the state government (however, medicine, disposables, and consumables may have to be paid by the patient or the state).
- Escorts HCC was to give a 15 percent discount for employees of state government for services but excluding medicines, consumables, etc.
- EHIRC was entitled to bill and collect, in EHIRC’s name and own account, fees for services rendered and medicines, food and other materials supplied to patients. All profits and losses from the management and operations of Heart Command Centre were assigned to the account of EHIRC.

These conditions meant that the hospital was free to charge as much money as they wanted, and the concessions were defined only as a proportion of unspecified market rates (Garg 2019). There was no provision for agreeing upon the rates of treatment jointly. Additionally, the Escorts HCC was also supposed to provide access to students of Pt. Jawahar Lal Nehru Memorial Medical College, Raipur (which is linked to Dr. BRAM Hospital) and state government employees for educational and training purposes.

In 2017, amid reports of under-performance and non-fulfillment of the contract (Dutta 2020), the Chhattisgarh government decided to not renew the contract with Escorts HCC for a third time and instead to provide and improve these services through the Government run Cardiology Unit (GCU) and later the Advanced Cardiac Institute (ACI).<sup>6</sup>

The specific reasons for non-renewal of the contract as understood from the study respondents were as follows:

*Failure of the PPP to provide cardiac services to the poor:* The Escorts HCC had failed to provide free treatment for patients who are poor and unable to afford its high treatment rates. The only obligation that the Escorts HCC had was to reserve 15 percent beds for poor patients but even that went unused as there were no caps on the cost of care. Since all services were charged and very expensive, it was largely the rich patients who could access these services (Resp. 1; Resp. 3; Patient 4; Garg 2019).

*Failure of the PPP to provide training to medical students:* Escorts HCC did not provide any facilities for training to the students enrolled in the Medical College despite the clause in the MoU signed. It was also expected that they would train government doctors and specialists who could take over the functions in a few years, but there was no capacity building of local doctors and other health personnel (Shrivastava 2021; Shrivastava 2017e; Resp. 1).

*Failure to provide integrated services:* The Escorts HCC functioned as an independent private hospital, with no integration with the government medical college and hospital next door (for cross-referrals and other coordination). A door between the two hospitals was supposed to facilitate the movement of patients and hospital staff, but it always remained closed (both metaphorically and physically).

*Failure to provide tertiary level cardiac services even to those who could afford it:* The Escorts HCC was seen as a failure both by the government and the elites who were supposed to benefit from it. They failed to provide the range and number of services that were expected as they could not recruit or retain highly-skilled surgeons, and their doctors began conducting surgeries in other private hospitals in the city (Garg 2019).

*Capacities built within the government system to provide cardiac services:* Realizing the need to develop its own capacities, the state government had started setting up an in-house Government Cardiology Unit (GCU) within Dr.

BRAM Hospital from 2009 onwards. Until 2014, the GCU undertook angiography-related procedures, which was expanded with the setting up of a Cath lab facility, adding a 40-bed intensive coronary care unit (whereas the privately-run Escorts HCC had 8 beds in ICCU), hiring and training of staff and other facilities (Shrivastava, 2017b). Initially, Cardiologists from Delhi would come to Raipur once or twice a month and do basic cardiac procedures and also train the hospital staff. In 2010, a paid study leave was provided to one of the hospital faculty for three years for Doctor of Medicine (DM) training in Cardiology at the Postgraduate Institute of Medical Education and Research, Chandigarh (PGIMER). This hospital faculty joined back in Dr. BRAM Hospital after the training and currently heads the cardiology department at ACI. Subsequently, three junior nursing staff and a senior nursing staff were sent to PGIMER, Chandigarh, for two weeks to be trained and received distinction as Cardiac Trained Nurses. They came back and further trained other nursing staff, thus resulting in horizontal skill spread (Shrivastava 2021; Resp. 3).

*Government run Cardiology Unit (GCU) was performing much better than the Escorts HCC PPP and was demanding a separate unit, budget head, and more finances: A comparison of Escorts HCC with the existing government-run cardiology unit in 2017 shows that the GCU was doing much better than Escorts HCC in terms of types of facilities available, affordability, and equity (Shrivastava 2017d). Being located within a larg-*

er tertiary hospital helped the GCU to provide more comprehensive specialist and ancillary services (Refer to Table 2).

Prior to 2017, the government doctors and administration had been asking for a separate Cardiology department within which the GCU could function (Resp. 1; Shrivastava 2017b; Shrivastava 2017c). A one-time budget proposal of Rs 130 crore was submitted for the financial year 2017–18 (*of which Rs 21 crore was sanctioned: Resp 1*) so that full dedicated cardiology services could be initiated, and these were to be housed under the name Advanced Cardiac Institute (ACI). This proposal was sent after the government had decided not to renew the MoU with Escorts. As a respondent explained: “the prior sanctioned budget (21 crore approved out of 130 crore proposed) was very crucial in the transition process from Escorts HCC to ACI and made the transition process smooth” (Resp. 3).

### **Process of remunicipalization**

Once the state government took the decision not to renew the MoU of Escorts HCC it was handed over to the government medical college (Pt. JN Medical College) and hospital (Dr. BRAM Hospital). The strengthening of cardiology services in the GCU within the government set-up helped the Dean and doctors in building a case that even if the MoU with the Escorts HCC was not renewed the government would be able to take it over and operate it effectively (Shrivastava 2017c). The argument for remunicipalization was also made under the pub-

Table 2: Comparison of Escorts HCC and GCU in 2017

Parameter		Escorts Fortis run HCC	Dr BRAM Hospital Government Cardiology Unit
<b>Human Resource</b>	Cardiologists	One	Two
	Cardiac Surgeon	One	Two
	Cath Lab Technician	One	One
<b>Number of Beds</b>	<b>Total Beds</b>	40 Beds	-
	<b>ICCU</b>	Eight	40 ICCU beds
<b>Complex Cardiac Interventions done (Number of cases)</b>	Paravalvular Leak Device Closure	NIL	One
	Coarctation of Aorta Stenting	NIL	Two
	Bilateral Renal Artery Stenting	-	One
	Ruptured Sinus of Valsalva Aneurysm	NIL	Two
	Neonatal Cardiac Interventions	-	One
<b>Equipment</b>	Cardiac Catheterization Laboratory	Initially very inferior portable Cardiac Catheterization Laboratory which was upgraded to a mediocre-level machine	State of the art - excellent quality Cardiac Catheterization Laboratory
	Echocardiography machine	Low to medium quality echocardiography machine	Most advanced Echocardiography machine
<b>Ancillary Services availability</b>	Blood Bank, In house pathology, Pediatric, Nephrology Services etc.	Lacked entirely	All services are in house and functioning optimally

Source: Shrivastava (2017d)

lic goods logic wherein services like healthcare are supposed to be provided by the state, away from the market logic (Shrivastava 2021). Thus, with the agreement of the state government and doctors and administrators of Dr. BRAM Hospital and Pt. JN Medical College, the process of handing over Escorts HCC PPP to government ownership proceeded (Resp. 3).

The transition process that ensued was time-consuming and cumbersome (Resp. 3). The new government team who were to be responsible for the ACI faced several challenges. The first challenge was making the necessary equipment and infrastructure available and functional, as the Fortis Escorts group had taken away all the equipment (Angiography unit, ICU set up, and Heart-Lung machine, etc.) despite requests made to them to leave them. They were unable to build more floors above the existing building, as the ceiling turned out to be a false ceiling (Resp. 3). Replacing the equipment and recruiting staff took time. Whenever required, staff from Dr. BRAM Hospital was deployed (Resp 3). The ACI was still “underfunded and poor compared to Escorts [HCC]” (Resp 3).

Despite all these challenges, the GCU shifted to a bigger premise (with the exception of catheterization lab) in 2017 where the Escorts HCC PPP was functioning previously and came to be known as ACI. At the time the case study was written, the ACI had two departments—Cardiology and cardiothoracic and vascular surgery (CTVS). The patients come to the main Dr. BRAM Hospital, pay user charges for Cardiology department/ CTVS department,

and head to the ACI department in the adjacent building.

The Escorts HCC was purposely re-named as the “Advanced Cardiac Institute” (ACI) and not named after a politician or popular leader (which is usually the practice) so as not to seem partisan to any particular political party or ideology (Resp. 1). It was thought that this would ensure the sustainability of the name and the government’s commitment even in the event of any future change in government. The timeline of the remunicipalization is illustrated in Figure 1.

### **Impact of remunicipalization on the Availability, affordability, and accessibility of cardiac services**

“In Escorts HCC patients would come in cars, now in ACI people come in two-wheelers”: The most significant and common observation across all interviews (hospital staff, patients, administration) was the change in the profile/ socio-economic background of patients coming to the hospital after being remunicipalized.

Escorts was running it like a private hospital. Rich people can fly to Kokila Ben [hospital in Mumbai] or AIIMS [hospital in Delhi] for operation. The clientele shifted after the handover. Till it was Escorts [HCC] people in car would come as patients. After being taken over [by government] people come in two wheelers and from all over state (Resp. 3).

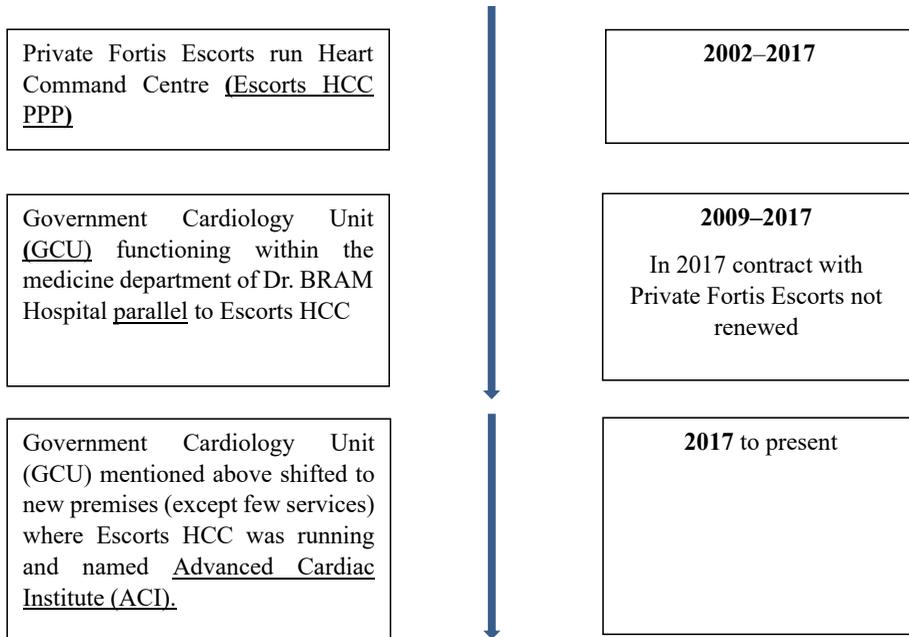


Figure 1: Timeline of Remunicipalization

This is illustrated by the following case study: Reema (name changed) had a hole in her heart and was brought to the GCU (when the cardiology unit was running under the medicine department and was not yet ACI) during 2014–15. Her father worked as a cook in a hotel in Bilaspur district, which is two hours away from Raipur. He shared that they had already spent a lot of money on private hospitals (nearly Rs. 1.5 lakh) for their daughter’s treatment. He then came to Raipur to get his daughter’s treatment in a reputed charitable hospital through open-heart surgery. However, later they learnt through an advertisement in the newspaper that their daughter’s treatment could be done at the GCU through “button treatment” (possibly a less invasive procedure) rather than an open heart. Therefore, they chose to take their daughter

to GCU. The procedure was successful and Reema’s father was very satisfied with the procedure even after all these years.

*Free and affordable cardiac services:* The Escorts HCC used to charge patients exorbitant and unregulated market prices. They were supposed to provide a 15 percent discount to government officials and had a 15 percent quota for people belonging to lower socio-economic categories. They were also to implement existing government schemes providing reimbursement or publicly-funded health insurance. However, other than some procedures on children suffering from heart defects under the Chief Minister’s Child Heart Scheme (Mukhyamantri Bal Hrudaya Yojana) (we came across three or four such patients), they didn’t implement

either the quota or other government schemes properly.

The ACI on the other hand provides services free of cost to patients belonging to lower socio-economic categories as identified by the government. For those who do not fall into this category, the services remain free, though they are required to buy those consumables that cost beyond Rs. 50,000, such as stents. Additionally, ACI implements the state's universal publicly-funded health insurance scheme<sup>7</sup> which covers the costs of treatment for both the poor and non-poor. However, in using such schemes patients sometimes face delays in approvals. The maximum amount reimbursed by government to the hospital for one of the procedures till now is Rs. 1,900,000. Respondent 6 (aged 70 years) was very satisfied with his treatment as he couldn't have been able to afford this amount of money for his procedure otherwise. However, he did complain that it took two months to get his 19 lakhs sanctioned. Therefore, the delays in processing/approving the support amount to patients is a gap that needs to be filled.

Most beneficiary respondents in the study belonged to poor and lower-middle or middle-class backgrounds and had highly benefitted from the free-of-cost service that they received. For instance, Jagannath (name changed, aged 76 years old) is a retired private school teacher in Mahasamund district. He started developing chest pains in 2015. He went to the district hospital and then consulted a doctor in Mekahara, Raipur. The doctor advised him to

visit GCU (which was not yet renamed ACI). A stent for Rs 1.5 lakh was needed for his angiography which was provided by the hospital itself. He opined: "A poor patient considers many things about money, resources, time before going for such procedures and it is a great relief especially for poor patients as many services are available in ACI itself."

*Strengthening of referrals and integrated services:* One of the biggest failures of the Escorts HCC was the lack of coordination with the adjoining government hospital. The MoU between EHIRC and the government had stated that both would coordinate regarding referrals, particularly of patients below poverty line. However, this never happened and Escorts HCC continued to function as a stand-alone entity. After the ACI became functional, coordination between it and the main hospital was streamlined. Regular and emergency patients in Dr. BRAM Hospital are referred to ACI when required (Resp 1). The two hospitals complement each other, providing services to the patient as required. The door between the two hospitals (mentioned above) now stays open facilitating communication and movement between the two hospitals.

*Expansion of quality cardiac care services:* The expansion of cardiac services within the government system started with the setting up of the GCU prior to 2017, as discussed in the section above. Shifting to a separate premise in 2017 as ACI, with additional finances and individual budget head helped to expand the services further. In August

2020, a Cathlab machine was installed in ACI further improving the standard of care (Resp. 5). In addition to Cardiology, the department of CTVS became operational, with a dedicated operation theatre and post-operative ward (Shrivastava 2017e). The establishment of the CTVS department led to thoracic, lung surgery, and vascular surgeries, which were happening for the first time in the state (in either the public or the private sector). These procedures which are otherwise very costly, are provided free of cost in ACI. The ACI has also maintained good standards and uses the best quality equipment, which may not even be available in private hospitals. For instance, the valves used in Mitral Valve Repair (MVR) procedure at the ACI are very expensive in the private sector, which then ends up us-

ing substandard quality valves for the sake of cost cutting. This clearly contradicts the popular narrative about how the private sector has better quality and more advanced services (Resp. 4). “Such availability of complex procedures in a government facility for zero or nominal charges is not common in a public system and largely benefits the poor who would otherwise not afford these procedures” (Resp. 4).

*Increase in outpatients seeking care:* In terms of the number of outpatients, there has been a steady increase since the handover, from Dec 2017 to 2019 (Figure 2). The reduction in numbers in 2020 and onwards can be attributed to COVID-19 pandemic and suspension/restriction of health services during that period.

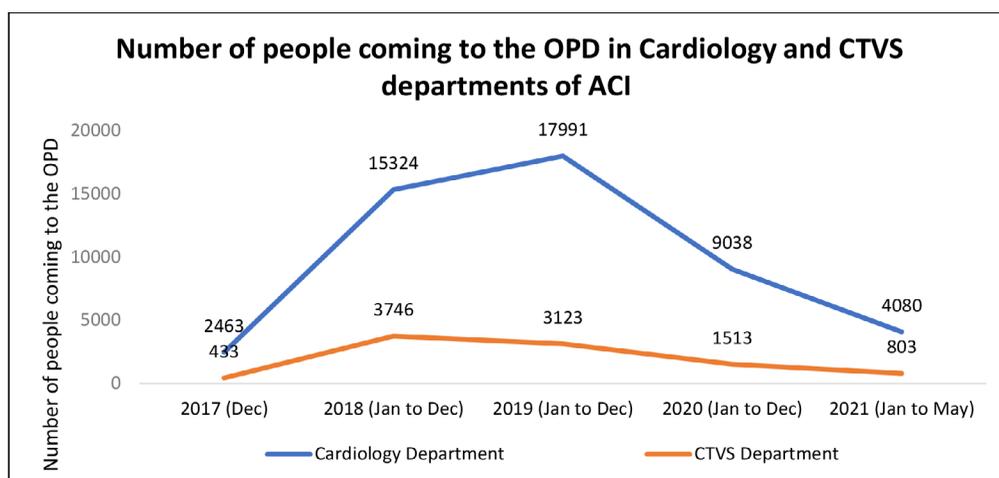


Figure 2: Outpatient department (OPD) numbers in Cardiology and CTVS department of ACI

Source: ACI OPD data collated by authors

*Increase in number of Cardiac Procedures, including complex procedures:* The yearly procedures done in GCU/ACI has increased steadily since 2013 (Figure 3). In 2020 and 2019, there was a decrease in procedures due to the Covid-19 pandemic and also because there was no machine to operate (Resp. 1).

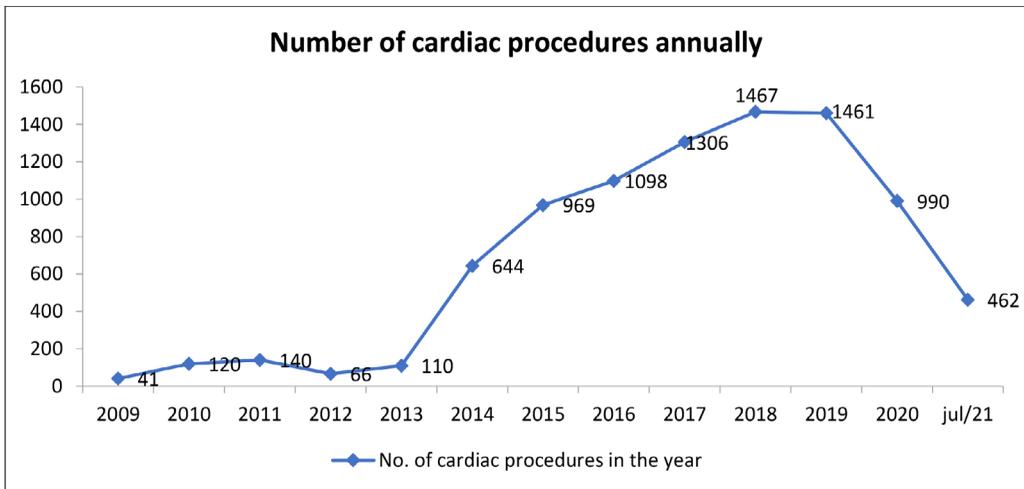


Figure 3: Cardiac procedures in ACI over the years

Source: Shrivastava 2017a

*Strengthening capacities within the public sector through health workforce training and research:* The process of setting up a cardiac care unit within the government system simultaneously built capacities of government doctors and nurses in providing these services and undertaking other functions such as procurement, budgeting, etc. The institute has sanctioned 36 posts for human resources recently including cardiac anesthetists, two associate professors of cardiology, and one general physician (Dainik Bhaskar 2021).

The ACI plans to expand its initiatives by offering courses and training sessions for cardiologists and cardiac care nurses in each district of the state. It plans to establish advanced training programs like Doctor of Medicine (DM), Master of Chirurgiae (MCh), Cath lab, Technician, and Perfusionist courses and introduce sub-specialties such as Electrophysiology and Pediatric Cardiology. Furthermore, the ACI

plans to provide consultation services and protocol guidance through teleconferencing (Shrivastava, 2017d; Resp. 1). Since its establishment, ACI has also worked to improve its research output, publishing in international and national journals and two chapters in a textbook on cardiology (Shrivastava 2017e).

*Better equity and working conditions for health workforce:* Under the MoU, Escorts Fortis was to hire all medical and para-medical staff who were to be their employees or consultants. The staff recruitment being done by a private entity was not expected to follow the reservations meant for the historically marginalized social categories as defined in the Indian Constitution for affirmative action and social justice. Government on the other hand is compelled to follow the affirmative action norms and implement other social security benefits that come with a regular government job and which are more equitable. Using PPPs or other outsourcing arrange-

ments to bypass pro-labour and social justice norms has been documented in other contexts too (Nandi et al. 2021).

Along with all these achievements, the ACI has been facing challenges recently in terms of a shortage of staff, especially of nursing and para-medical staff and finances and delays in procurement and supply of equipment and consumables, which is affecting its performance and slowing down the further expansion of services (Resp. 1, Resp. 3, and Resp. 4).

## Discussion

In summary, the two models (Escorts HCC PPP and the remunicipalized ACI) functioned differently in terms of their costs to the patients. While ACI largely provides services without cost, the PPP unit had very high costs to the patient. This is also the reason for most patients from higher economic strata visiting and taking services from the PPP unit as opposed to the publicly owned unit which is visited by poorer patients due to its no-cost or subsidized services. The publicly owned unit also worked to provide a vast range of cardiac services compared to the limited cardiac services offered by the PPP unit. While the publicly owned unit could seamlessly integrate and leverage existing public health system services, while also contributing through training and capacity building, this integration and contribution was not observed with the PPP unit. Lastly, the PPP unit was not bound to follow affirmative health action for socially oppressed sections in terms of hiring as mandated in

the Indian constitution. Many of these services and provisions, which could not be delivered by the PPP unit, were mandated in its MoU with the government.

The differences that emerge in functioning of the public sector (especially a well-functioning one) versus a profit-oriented healthcare model are not new (PHM 2022; Sundararaman and Garg 2022; Nandi et al. 2020; Kumar and Birn 2018; Balabanova 2013; Tangcharoensathien et al. 2018). Global experience shows that PPPs and the privatization of healthcare generally fail to deliver on their promises. Publicly managed services, on the other hand, tend to be more focused on quality, universal access, affordability, and in the achievement of broader social and environmental objectives (Kishimoto et al. 2017). Additionally, public providers are often both more innovative and more efficient than private operators (Kishimoto et al. 2017).

It is important to note that the remunicipalization was *not merely change in technical ownership*. The administrators/doctors who facilitated the remunicipalization process located it within the understanding that health is a public good, to be provided by the government through ensuring adequate budget allocation and other necessary support. The role of the state in health and other key sectors was envisaged as primary and significant (Shrivastava 2021). There was a lot of pride and ownership among the doctors/administrators on being part of this remunicipalization process and steering it.

Such an understanding helped to guide the process and institute to truly serve people's interests as we discussed in the point above. Additionally, the government setup had started building its in-house capacities in cardiac care even before the actual remunicipalization, and that helped strengthen the case for remunicipalization of Escorts HCC. It is important to note that even though a few motivated people within the department were responsible for steering/leading the remunicipalization process, this was done through strengthening the institutional structures involved. Without this and without the support of the larger government machinery and leadership, political and executive, it would not have been possible to bring changes mentioned in the article such as allocation of the new budget, hiring and training of human resources, provision of complex and challenging cardiac procedures, formation of separate cardiology and CTVS departments, etc.

The study shows that *high-end and rare procedures were now made available in government facility free of cost or at nominal cost*. Such high-end services for free are not usually expected in a country like India where the public health system struggles to provide basic health services amidst underfunding and under resourcing. However, some of the best tertiary level hospitals in the country are public ones, such as All India Institute for Medical Sciences, Postgraduate Institutes of Medical Education and Research, and so on. While there is an emphasis that these procedures are "free" in the government facility, ACI ensures that there

is no compromise in the quality of services. The quality of equipment used in GCU/ACI is at par or even better than what is available in the private sector, *contradicting the oft-repeated narrative that private sector provides better quality healthcare services*. The study adds to the list of studies and research in recent times that questions these notions entrenched around for long and are finally being challenged by communities and researchers (Nandi et al. 2021; Kishimoto et al. 2017; Oxfam 2014; Averill and Dransfield 2013; Kumar and Birn 2018; Balabanova 2013; Tangcharoensathien et al. 2018; Goodair and Reeves 2024). The experience during the COVID-19 pandemic reinforced this (Freeman et al. 2023).

While this study did not do a cost comparison, being located within an integrated health unit (government medical college and hospital) helps to save costs through streamlining with other services already being provided. For instance, when there were staff shortages for the cardiology unit, staff from the government hospital could be deployed to address the shortfall. Similarly, already existing ancillary services (such as blood bank, diagnostic, pediatric services, etc.) in the government hospital are used by ACI, instead of having to develop their own systems.

As discussed above, the institute has plans to strengthen publicly provided cardiac care services at secondary and primary levels. Chhattisgarh is undergoing an early epidemiological transition (WHO India 2022; Jain 2015) where NCDs are now the leading cause of mortality in the population above

the age of 40 years, with 33.5 percent deaths due to cardiovascular diseases and 11.6 percent due to cancer (ICMR et al. 2017). In this context, such tertiary level services will be very useful for referrals and continuity of care, linked to primary (Health and Wellness Centres) and secondary level (WHO India 2022; Nandi 2022).

The functioning of the ACI in public set up has brought its own challenges of shortage of Human Resources, delays and shortages in procurement and equipment, linked to structural issues of human resources, governance, and finances that need to be resolved (WHO and SHRC 2019).

The decision to remunicipalize Escorts HCC was taken towards the end of the right-wing party's rule which had been in power for 15 years and whose policies otherwise promote commercialized healthcare. The opposition party replaced them in December 2018, which had campaigned with a progressive and socialist-leaning manifesto. They promised universal healthcare with a strong vision for strengthening the public healthcare system (Ghose 2019). Once they came to power, the new political leadership provided sustained support to the ACI, contributing to its expansion and its success.

The failure of the PPP model as illustrated by the case study has been seen commonly in India, including in Chhattisgarh and globally (Eurodad 2022; Kishimoto 2017; Singh 2020; Roy 2011; Nandi 2021; Nandi and Joshi 2018a, 2018b). Moreover, there are examples available within Chhattisgarh

itself, of providing health services in some of the most "remote" and rural districts through strengthening secondary and tertiary government hospitals (WHO 2020). The pandemic has also illustrated the crucial role played by public health systems in every aspect of pandemic management (Marathe et al. 2023; Garg 2020; Sundararaman et al. 2021; Adithyan and Sundararaman 2021).

The study has important lessons for health policy development and health systems strengthening in India, which has since structural adjustment policies (Baru 2003; Jeffery 2018; Sathi 2021) neglected public systems and promoted PPPs. Sustained and increased financing for the public sector is essential for universal healthcare. India has one of the lowest public spending on health at 1.35 percent of its GDP (GoI 2023). Therefore, there is a need for an increase in the health sector budgets by the centre and states, which in turn needs to be used to strengthen public systems and services. Diverting public funds towards PPPs or incentivizing the for-profit private sector to provide health services has led to a lack of equity, access, and financial protection (Nandi 2023; Nandi et al. 2022; Tizard and Walker 2018; Gideon and Unterhalter 2017; Kotecha 2017; Hall 2015; Enríquez and Blanco 2023; Goodair and Reeves 2024).

In the current Indian policy environment, there has been a renewed policy push from the centre and Niti Aayog towards promoting the for-profit private sector in healthcare delivery

(Prasad 2022; Nandi and Joshi 2021; Sarwal et al. 2021). This includes proposals for privatizing district hospitals and linking them to new or existing private medical colleges through “public private partnership” and recommending expansion of private players to operate and build hospitals in tier-2 and tier-3 cities as “attractive investment opportunity” and providing incentives /viability gap funding for the same (Nandi and Joshi 2021; Sarwal et al. 2021). There has been opposition to this from health rights groups (Kakvi 2020; Belagere 2022). As discussed in the paper earlier, this also includes the flagship Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (AB-PMJAY), considered to be the largest Public Private Partnership (PPP) initiated by the Indian Government and which has been known to fare poorly when it comes to equity (Nandi 2020; Kaur 2019).

Such proposals and trends are concerning for health and health rights of the people of the country especially for the poor, and highlight the commercial determinants of health, as reflected in the policies and processes (Lacy-Nichols et al. 2023). In that context, this study shows that alternative paths are possible for governments wanting to provide quality, free, and dignified services for people within the public sector. The study clearly shows that governments should not and must not hand over crucial and lifesaving health services to for-profit entities and expect it to serve the interest of people, let alone of the poorest. Strengthening government health systems and bringing outsourced and privatized institutions and services into government ownership is a key step towards health equity and universal healthcare.

**Limitations of the study:** The reasons for the cancellation of the contract are partly based on the perceptions of the study respondents, some of whom were also crucial in leading the remunicipalization process.

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## Endnotes

- 1 Health services (curative and preventive) can be provided using two modes of delivery: horizontal and vertical. By horizontal delivery, services are delivered through publicly financed health systems and are commonly referred as comprehensive primary healthcare (WHO 1978). Vertical delivery of health services implies a selective targeting of specific interventions not fully integrated in health systems (Banerji 1984; Rifkin and Walt 1986). Horizontal programs are the oldest of the two modes of delivery—they were derived from Primary Health Care (PHC), originated as part of the WHO/UNICEF declaration in Alma Ata in 1978 (WHO 1978) (Msuya 2003).
- 2 Universal health Coverage (UHC) means that all people should have access to the full range of quality health services they need, when and where they need them, without financial hardship ([https://www.who.int/health-topics/universal-health-coverage#tab=tab\\_1](https://www.who.int/health-topics/universal-health-coverage#tab=tab_1)). It covers the full continuum of essential health services, from health promotion to prevention, treatment, rehabilitation and palliative care. UHC is included in the Sustainable Development Goals (SDGs) as a sub-goal under the SDG 3 and is the main global policy directive of current times.
- 3 See the previous endnote.
- 4 Strategic Purchasing – Strategic Purchasing is projected as a key strategy in achieving UHC. Strategic Purchasing (SP) has been advocated as a healthcare financing measure as central to improving health system performance and making progress towards UHC and involves a continuous search for the best ways to maximize health system performance by deciding which interventions should be purchased, how, and from whom (WHO 2000).
- 5 In 2005, EHIRC was bought over by Fortis Healthcare.
- 6 We use the acronym Escorts HCC (Heart Command Centre) for the private Escorts run cardiology unit. Parallel to this in the government hospital Dr. Bhim Rao Ambedkar Memorial Hospital (also known as Mekahara), Government run Cardiology Unit (GCU) was running which we call GCU. After the exit of Fortis Escorts, the GCU shifted to the premises where Escorts HCC was running and called Advance Cardiology Unit (ACI).
- 7 Dr. Khubchand Baghel Swasthya Suraksha Yojana or DKBSSY and the Chief Minister’s Special Support Scheme Mukhyamantri Vishesh Sahayta Yojana, previously called Sanjeevani Sahayta Kosh.

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# Why India Should Not Abandon Export-Led Growth in a Post-Pandemic World

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## ABSTRACT

This paper addresses the question of whether the export-led growth model remains valid for India in the wake of the pandemic. In answering the question in the affirmative, it begins by offering the conceptual case based on comparative advantage, economies of scale, and access to cost-reducing technologies. It then goes on to counter the key arguments of the opponents based on the claims that the developing countries as a group have grown faster under import substitution than outward orientation, the industrial policy has been at the heart of the success of countries such as South Korea and Taiwan, and infant industry protection has been a success. The paper also considers the implications of the recent decline in transport and telecommunications costs as well as the emergence of increasingly complex products with a substantial design component for the export-led growth strategy. It finally turns to the issues of whether the change in lifestyle in the post-pandemic era, the rising tide of protection, and prospects of automation make the import substitution model more salient.

*Keywords:* Indian economy, economic growth, import substitution, export-led growth, post-pandemic world, globalization, free trade

## Por qué la India no debería abandonar el crecimiento impulsado por las exportaciones en un mundo pospandémico

### RESUMEN

Este artículo aborda la cuestión de si el modelo de crecimiento impulsado por las exportaciones sigue siendo válido para la India tras la pandemia. Para responder afirmativamente a la pregunta, co-

mienza ofreciendo el caso conceptual basado en la ventaja comparativa, las economías de escala y el acceso a tecnologías que reducen costos. Luego continúa contrarrestando los argumentos clave de los oponentes basados en las afirmaciones de que los países en desarrollo como grupo han crecido más rápido con la sustitución de importaciones que con la orientación hacia el exterior, y que la política industrial ha estado en el centro del éxito de países como Corea del Sur. y Taiwán, y la protección de la industria naciente ha sido un éxito. El documento también considera las implicaciones de la reciente disminución de los costos de transporte y telecomunicaciones, así como la aparición de productos cada vez más complejos con un impacto sustancial componente de diseño de la estrategia de crecimiento impulsado por las exportaciones. Finalmente, se aborda la cuestión de si el cambio en el estilo de vida en la era pospandémica, la creciente ola de protección y las perspectivas de automatización hacen que el modelo de sustitución de importaciones más destacado.

**Palabras clave:** economía india, crecimiento económico, sustitución de importaciones, crecimiento impulsado por las exportaciones, mundo pospandemia, globalización, libre comercio

## 为何印度不应在后疫情世界放弃出口导向型增长

### 摘要

本文探究了大流行之后出口导向型增长模式对印度是否仍然有效这一问题。在对该问题作出肯定回答时，本文首先提供了一个基于比较优势、规模经济和降低成本的技术获取的概念案例。本文随后继续反驳反对者的主要论点，即发展中国家作为一个整体在进口替代下的增长速度快于出口替代，产业政策一直是韩国和台湾等国家取得成功的核心，并且幼稚产业保护已经取得了成功。本文还考虑了“近期运输和电信成本下降以及日益复杂的产品的出现”所产生的影响，这些产品的一个重要设计成分源于出口导向型增长战略。最后，本文转向后疫情时代生活方式的改变、保护浪潮的兴起、以及自动化的前景是否让进口替代模式变得更为突出。

关键词：印度经济，经济增长，进口替代，出口拉动型增长，后疫情世界，全球化，自由贸易

Does export-led growth remain relevant in the post-COVID era for India, or have the rising sentiment against imports worldwide and technological advances that may be pushing toward reshoring production largely closed this avenue? This is the key question addressed in the present paper.<sup>1</sup> But since the wisdom of export-oriented policies under *every* era has been viewed with a great deal of skepticism—and this is especially true in the Indian sub-continent—I will also devote a significant part of the paper to clarifying why the critics have always been wrong on this score. Towards the end of the paper, I will widen the discussion to the development of which growth is only a component, albeit the most important one.

### **What is Special About Exports?<sup>2</sup>**

Let us begin by asking the fundamental question: Why is specialization in exportable products a more effective engine of growth than in import-competing products? There are at least four reasons for it. First and foremost, the very fact that the country is able to outcompete other countries in these products means that the country has a cost advantage over the latter in them. Specialization in exportable products effectively allows the country to exploit this cost advantage. Symmetrically, the country's own production costs in products it imports are higher than those of its foreign counterparts. In effect, the reliance on exports as the engine of growth allows the country to exploit its comparative advantage.

Second, when economies of scale are present, the domestic market of a developing country often proves too small to allow their full exploitation. This is especially the case at the early stages of development when even countries with large populations, such as India and China, can end up with relatively small domestic market due to a low per-capita income. The experience of China during the past two decades shows that in many industries it takes a very large scale before scale economies are fully exploited. When countries try to promote industries subject to scale economies through import substitution using protective custom duties and production subsidies as policy instruments, the outcome is often an unhappy one. Attracted by the subsidies and high prices resulting from the custom duties, too many small producers enter the market with none large enough to successfully compete against large-scale, globally competitive manufacturers. And once these inefficient producers become entrenched, the removal of customs duties becomes politically challenging since it inevitably carries the threat of job losses.

Third, the free-trade or near-free-trade regime required to implement an export-led-growth strategy demands that producers of exportable as well as import-competing products compete against the best of in the world in their respective industries. Such competition keeps entrepreneurs continuously on their toes and forces high levels of discipline, hard work, and efficiency for survival. It also offers them the opportunity to learn from

their peers. This is not unlike the game of cricket, in which international competition in test matches, ODIs and T20I helps produce more and more world-class players who learn from each other's techniques and hone their skills to outcompete the other side.

Finally, the free flow of exports and imports diffuses product innovation and production technology. Sometimes, technology is embodied in machines that must be imported. At other times, it may be embodied in imported products and can be accessed by reverse engineering. With new technologies developed continuously by countries around the world, engaging in trade freely offers the best avenue to accessing them.

### **Imports are the Heart of Export-led Growth**

**T**he term “export-led growth” invites speculation that what matters for rapid growth is exports, with imports being incidental at best and undesirable at worst. Nothing could be further from the truth—the primary reason for a country to export is to be able to exchange them for imports, which it cannot produce at home or produces at a higher cost than the price it pays for them to foreigners.

To appreciate why exports by themselves are of no value, think about what would happen if a nation exported its entire GDP on a set of ships, which then ended up sinking in the middle of the ocean on their way to destination countries. Going by port records, the nation's external account would show an export-to-GDP ratio of 100 percent

and a current account surplus equaling GDP. But this will be no cause for celebration since the nation's citizens will be left with nothing to consume.<sup>3</sup> Evidently, you want imports in return for exports, and the more of them you can get for what you export, the better. It is folly to think that exports are good and imports are bad. On the contrary, imports are the ultimate goal behind exports.

### **Export Orientation and Import Substitution are Fundamentally in Conflict**

**I**t is common for policymakers in developing countries to think they can pursue a successful export-led growth strategy simultaneously with import-substitution industrialization. Indeed, some think of import substitution as a means to export-led growth. While import substitution in one or two sectors may do only a small damage when the country is otherwise relatively open to imports, its wholesale pursuit is incompatible with an export-led growth strategy. Restrictions on imports necessarily serve as restrictions on exports. At a technical level, this point goes back to the famous Lerner Symmetry theorem of international trade theory, which says that a 10 percent tariff on all imports is identical to a 10 percent tax on all exports in all respects. Intuitively, discrimination in favor of one set of industries amounts to discrimination against the remaining set of industries. By raising the prices of importable products, tariffs encourage consumers to shift expenditure towards exportable products and producers to shift resources away from

those products. Both changes contribute to less of these products being left for export.

Conversely, import liberalization, which expands imports, also expands exports. Foreigners are not in the business of giving away their products for free. They must be paid in foreign exchange, and to earn foreign exchange, the country must export. There are only two other alternatives: the country either receives foreign aid or incurs debt abroad to pay for the extra imports not paid for by exports. But neither of these options can be exercised beyond a relatively tight limit. Once these limits are exhausted, the country MUST increase exports on a sustained basis. Conversely, sustained exports also require sus-

tained imports. There is no export-led growth without the near-free flow of imports. Restricting imports in a major way will restrict exports.

This is not a mere theoretical point. A look at the aggregate export and import series during *any* time period for *any* country will show that these series move together, exhibiting a high positive correlation. Figure 1 shows the two series for India from 2002–03 to 2019–20. The gap between them is made up by the inflow of remittances plus a small external debt accumulation. But since these latter are subject to only small changes over time, the expansion or contraction in imports is largely made up by equivalent movement in exports.

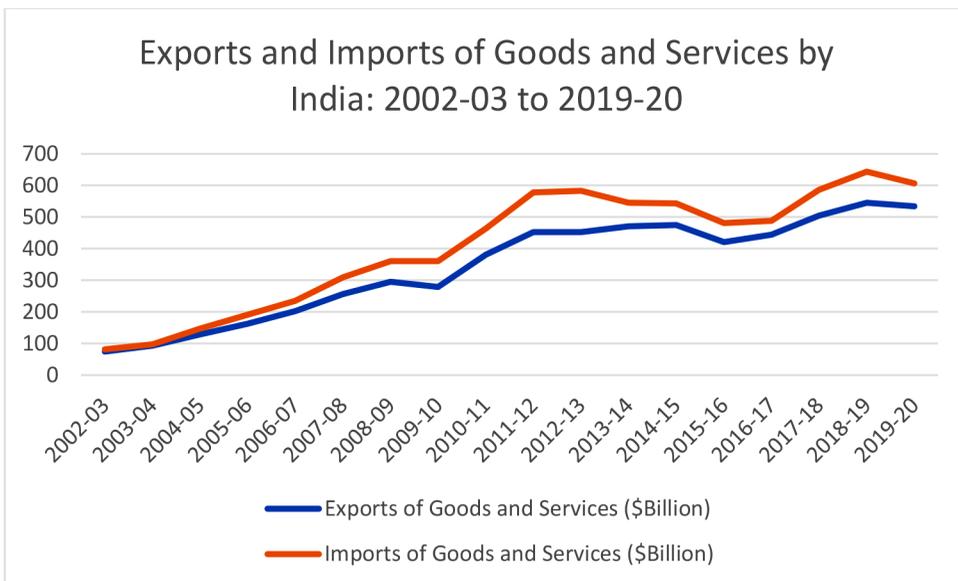


Figure 1: Total Exports and Imports and Remittances in India: 2002–03 to 2019–20

## Benchmarking Producers to Global Efficiency

The discussion up to this point makes the case that the pursuit of an export-oriented strategy requires a near-free-trade regime. An important positive spillover of such an import policy is to benchmark domestic production costs to world prices which reflect the cost structure of the most efficient suppliers of different products around the world. If it is then found that there are certain sectors in which the country ought to be competitive *vis-à-vis* foreign suppliers but is not, policymakers are forced to look for and remove distortions in domestic policy responsible for such an outcome. For instance, if producers of labor-intensive products in a labor-abundant country like India are unable to compete effectively against their foreign counterparts, the remedy lies not in protection but in the removal of distortions such as those in labor markets, electricity prices and possibly administrative hurdles facing exports. In the absence of a commitment to free trade, the temptation will be to pile a tariff distortion on top of the domestic policy distortions to level the playing field for domestic industries. This is akin to adding a disability to the competitor to neutralize the disability forced on the domestic producer. What must be done instead is to remove the disability ailing the domestic producer.

## Two Recent Developments and Export-led Growth

Two relatively recent mutually reinforcing developments have made the free flow of exports and imports even more critical than in the past. First, as a result of advances in transportation and communication technologies, the costs of moving goods and information over long distances have come crashing down. Second, technological advances have given rise to more complex products of mass consumption with design and information-related contents while also making it possible to break down the production processes of old and new products more finely than in the past.

These two developments have meant that it is now possible to specialize production activity not by product but by components and activities associated with each product. Product innovation, product design, production of numerous components, and their final assembly can all take place in different locations based on cost advantage. For example, the iPhone is made of some 1,600 components, which are supplied by 200 firms located in 43 different countries.

In the past, high transport costs allowed countries to minimize production costs by specializing in entire standardized products such as shirts and trousers and trading them for other products such as steel. But today, continuous product innovation and design have become integral to products, and cost minimization mandates specializa-

tion in specific components and activities associated with them.

Therefore, if a country is abundant in labor and the assembly of products is a labor-intensive activity, it must specialize in this activity across a large number of products rather than targeting 100 percent domestic value added in a few of them, which happen to be labor intensive at the aggregate level. Likewise, a country that is rich in human capital is better off focusing on innovation and design, leaving manufacturing of components and assembly to countries that have a cost advantage in those activities.

This conclusion raises serious doubts about the wisdom of policies such as India's phased manufacturing program (PMP), whose aim is to first encourage assembly activity in a product and gradually add more stages of production until the entire product is indigenized. This policy had been tried and failed in the pre-reform era and had been abandoned in the wake of post-1991 reforms. But it has recently been resurrected.

The chance of success of PMP in the modern era is even more remote since the cost disadvantage of adding more and more stages of production to eventually produce 100 percent of the product at home today is much greater than in the past. It is certainly technologically feasible to produce and assemble all 1,600 components of an iPhone indigenously, but the cost of it will be so high that the producer would be able to sell only a handful of its units to a small number of captive wealthy domestic

buyers. And even then, the design and innovation embedded in the iPhone will have to be imported.

Rather than produce 100 percent of a product at home and be able to sell only a handful of units within protected domestic market, the country is far better off capturing a large slice of the massive world market in the assembly or a few selected components in which it is the most cost-effective. The goal ought to be to achieve a high *total* value added rather than value added *per unit*. Job creation depends on the former and not the latter. China has understood this principle well. Even with 10 percent value added *per* Apple device, millions of devices it produces contain a lot of *total* value added of Chinese origin.

### **Evidence: The Myth of Import Substitution Driving the Golden Age of Growth<sup>4</sup>**

Three large-scale projects in the 1970s and early 1980s amassed the initial systematic and compelling empirical evidence supporting the case for export-led growth over that for inward-looking import-substitution-industrialization (ISI) strategy.<sup>5</sup> Approximately two decades later, Rodrik (1999) questioned the wisdom of these studies arguing that the golden age of growth in developing countries, which occurred during 1960–73, was in fact characterized by inward-looking, ISI policies. Later, Chang (2007) repeated this claim.

But three inconvenient facts of history stand against such claims.

**Table 1:** Growth in Developing and OECD Countries

Period	Growth Rate	
	Developing	High Income OECD
1961–75	2.9	3.6
1976–94	2.1	2.3
1995–2013	4.2	1.4
1961–73	2.9	4.2
1974–90	1.9	2.3
1991–2013	4	1.4

Source: Panagariya (2019, Table 6.1).

First, factually, developing countries as a group did not grow the fastest during 1960–73. As Table 1 shows, developing countries have grown the fastest during the decades following 1990. This was the period during which these countries came to genuinely embrace liberalization instead of being forced into it by international financial institutions. At the time Rodrik wrote, he may have lacked these data but by 2007, when Chang published his book, evidence was loud and clear.

Second, had Rodrik gone into individual-country details, he would have found that even during 1960–73 the fastest growing economies were those that had embraced outward-oriented policies. These included not just the four tiger economies of Hong Kong, Singapore, Taiwan, and South Korea, which grew at rates ranging from 8 to 10 percent during 1960–73, but also Brazil, a much larger country, which saw its growth rate accelerate during this period just as its tariffs came down and the currency was devalued to correct for overvaluation.

Finally, the OECD countries had grown significantly faster during 1960–73 than during post-1990 decades. As such, part of the momentum in growth in developing countries during the earlier period came from OECD countries. Similar pull-up effect had been missing from the post-1990 decades. Instead, growth momentum during these decades originated in the policies of the countries themselves.

### **Evidence: The Myth of Industrial Targeting Leading to Miracle Growth**

The nature of governments is to intervene and produce successes that they can directly link to *their* policy initiatives. Import substitution offers the best instrument to achieve this goal. This is because demand for the particular product exists and the exclusion of foreign sources of its supply opens profit opportunities for potential domestic suppliers. A domestic industry can thus readily emerge, and the government can rightfully claim

credit for it. With resources in this industry drawn from various other industries, the cost of this “success” is spread throughout the rest of the economy and, as such, not immediately visible.

This political economy of protection has often led even governments otherwise committed to an export-ori-

ented strategy to flirt with import substitution here and there. The presence of such interventions in turn has provided the devotees of import-substitution model ammunition to argue that these policies rather than the overall outward orientation are to be credited with the success of the countries. The case of South Korea best illustrates the point.

**Table 2:** Average Annual Growth Rates in South Korea

Period	GDP	Per-capita GDP	Exports of constant-price goods and services	Imports of constant-price goods and services
1	2	3	4	5
1954–62	4.2	1.3	13.9	5.2
1963–73	9.1	8.5	32.1	21.4
1974–82	6.9	5.1	14.0	12.2
1983–95	8.7	7.6	12.6	13.5
1996–2008	4.4	3.8	12.4	8.5

Source: Panagariya (2019, Table 11.1).

South Korea grew at the annual average rate of 9.1 percent during the decade 1963–73 compared with 4.2 percent during 1954–62 and 6.9 percent during 1974–82 (Table 2). There is general agreement that years 1954–62 were characterized by import substitution. But the country began opening up its economy in the early 1960s and became progressively outward oriented during the 1963–73 decade. Its policies during these years were neutral across sectors. Calculations by Westphal (1990, Table 1) show that when the economy-wide implications of all interventions are considered, the policy regime exhibited

a slight bias in favor of exports relative to what would have prevailed under free trade. Among other things, neutrality gave rise to the growth of sectors no one had predicted: wigs and human hair exports, entirely absent till 1963, came to account for 10.1 percent of Korean exports by 1970.

When critics such as Rodrik (1995) claim success for industrial targeting, they entirely eschew the discussion of the crucial decade of 1963–73. Instead, they focus on the following decade in which Korea engaged in the Heavy and Chemical Industry (HCI)

drive. But the growth rate during 1974–82 actually fell to 6.9 percent. Moreover, towards the end of this period, the economy faced serious macroeconomic instability, culminating in the abandonment of the HCI drive and the restoration of a neutral policy regime. That, in turn, returned the country to 8.7 percent growth during 1983–95.

Chang (2007) has claimed that the policy of industrial targeting was nevertheless successful because industries promoted under the HCI drive eventually became profitable. But this amounts to post hoc fallacy. After a decade of rapid growth and near double-digit annual increases in real wages, Korea had been becoming more and more labor-scarce and capital-abundant. Therefore, capital-intensive sectors promoted under HCI would have emerged even absent the HCI drive. What HCI drive did was to advance that process by a few years. To legitimately claim his case, Chang must demonstrate that the benefits of advancing the process exceeded its costs.

Recently, there has been a revival of advocacy of industrial policy through the instrumentality of data-heavy analyses. For example, based on a sector-level analysis, Lane shows that HCI drive by Korea led to the expansion of targeted industries as well as industries producing intermediate inputs used by them.<sup>6</sup> Moreover, these effects persisted till at least the mid-1980s, even though HCI was abandoned in 1979. It is not clear, however, how these results prove the success of the HCI drive. After all, even the most inefficient industrial

policy pursued by India under Prime Ministers Jawaharlal Nehru and Indira Gandhi had been successful in establishing and expanding industries such as steel, machinery, fertilizers, and chemicals and in stimulating industries producing intermediate inputs used by them. The effect of Nehru-Gandhi-era policies continues to be felt today. But no one seriously argues that Indian industrial policy under Nehru and Gandhi was a success worthy of emulation by other countries.

This is not a rhetorical argument. The success of industrial policy cannot and should not be judged by the expansion of targeted industries and those producing intermediate inputs used by them. No one who believes in the power of incentives would deny that protection and production subsidies are capable of expanding the industries they target. This is especially true when an economy is already growing rapidly and imports account for a sizeable proportion of domestic demand for the targeted products. The presence of imports guarantees the existence of demand. Once protection excludes some of those imports and subsidies additionally cover a part of the production cost, the expansion of domestic production is more or less guaranteed.

Therefore, the real question is whether the HCI drive added to or subtracted from Korea's overall growth. This was precisely the question that pro-interventionist Robert Wade (1990) and intervention-skeptic Ian Little (1994) hotly debated soon after the export-led development model gained

general acceptance. Going by this criterion, it is evident from Table 2 that HCI did not do very well either while in force or in the immediate aftermath. The growth rate during 1974–82 at 6.9 percent was significantly lower than in the preceding as well as the following decade when the economy was free of industrial policy. Also noteworthy in this context is Little’s argument that during the miracle decades, “the less interventionist Hong Kong, Singapore, and Taiwan grew faster than Korea” (Little 1994, 365).

### **Outward Orientation: Beyond Growth**

**D**eveloping countries seek growth not for its own sake but because it delivers directly or indirectly on numerous other objectives that they seek, such as poverty alleviation, employment opportunities, education, health, infrastructure, and urbanization. Have the countries that have successfully achieved high growth rates been successful in achieving these development objectives? The answer to this question is a resounding yes.

Consider first the poverty alleviation objective. Five countries—Hong Kong, Singapore, Taiwan, South Korea, and China—which have achieved high growth rates on the back of a successful export-oriented strategy have successfully brought down poverty (Table 3). The remarkable fact is that every one of these countries has brought down poverty entirely through the powerful “pull-up” effect of growth with no sig-

nificant redistribution of income. They specialized in labor-intensive products such as apparel, textiles, footwear, furniture, kitchenware, toys, and other light manufactures, exported them in large volumes, and created well-paid jobs for the masses. The resulting increases in household incomes proved sufficient to make a significant dent in poverty in all cases.

The experience of South Korea helps illustrate the economic transformation made possible by export-led growth. Between 1960 and 1990, the share of agriculture in GDP fell from 36.9 percent to 9.1 percent while that of manufacturing rose from 13.6 percent to 29.2 percent. Alongside, the sector’s employment share of agriculture fell from 68.3 percent to 18.3 percent with industry and services absorbing the bulk of the workforce. Remarkably, the real wage grew at the impressive annual average rate of more than 9.5% during 1965 to 1990 even as industry and services absorbed the large number of workers who migrated from agriculture into them.<sup>7</sup> The share of urban population rose from 29.1 percent in 1960 to 74.4 percent in 1990. Net secondary school enrollment ratio rose from 35 percent in 1971 to 88 percent in 1991. Life expectancy at birth rose from 55 years in 1960 to 72 years in 1990.<sup>8</sup> In three decades, South Korea was transformed from a primarily agricultural and rural economy to an industrial and urban one, with all development indicators showing impressive progress. The experience of other fast-growing economies shown in Table 3 has been quite similar.

**Table 3: Poverty Alleviation in Fast-growing Economies**

Year	Percent population below poverty line*
Hong Kong	
1966	18
1976	7
Singapore	
1966	37
1975	29
1980	18
South Korea	
1965	40.9
1976	14.8
Taiwan	
1964	35
1972	10
China (rural poverty)	
1980	40.65
2001	4.75

\*Poverty lines are defined at: HK\$3,000 per year at 1966 prices for Hong Kong, S\$200 per month at 1975 prices for Singapore, 121,000 won per month at 1981 prices for South Korea, NT\$20,000 per year at 1972 prices for Taiwan, and 300 yuan per year at 1990 prices for China.

Source: Panagariya (2019b).

### Export-led Development in the Post-pandemic Era

Having argued in favor of export-led growth in general, let me now turn to the consideration of its relevance in the post-COVID era in particular. There are three broad issues here:

(i) Has the pandemic itself fundamentally altered the way of

life so as to make the reliance on exports as the engine of growth problematic?

(ii) Is there a rising tide of protection around the world that makes export-led growth infeasible?

(iii) Has export-led growth lost its relevance in view of the shift in technology towards greater capital intensity and automation?

***Is the Pandemic Destined to Fundamentally Alter the Way of Life?***

Let me state at the outset that my bottom-line answers to all three questions are in the negative. I do not expect the pandemic to fundamentally alter the way we live. When a disaster hits the human race, its response is to come together to rebuild, erect defenses against a similar future disaster, and go back to living the way it has always lived. A good example illustrating this point is the response of the city of New Orleans in the United States to the massive hurricane known as Katrina. The hurricane made landfall as a Category 3 storm with sustained winds of 125 mph in 2005, hitting hard the unprepared residents. It breached the city's levee protection system in over 50 places, triggering flooding of 80 percent of New Orleans. The cataclysm ended up taking 1,800 lives and inflicting \$100 billion worth of damage on the city. But in the aftermath of the storm, rather than flee the city, residents put in place a \$14 billion worth system of fortified levees and floodgates that would stand up to similar future storms. Life returned to the old normal with the new levees and floodgates system successfully protecting the city against the storms that hit it subsequently.

The experience following the pandemic is unlikely to be any different. Despite the unprecedented death toll, personal tragedies for many, and the vast economic damage, the human race will return to its established way of life once the pandemic passes. We would have better defenses against the

next pandemic in terms of masks, Personal Protection Equipment (PPEs), ventilators, and, above all, vaccines. But beyond that, the only changes to lifestyle would be those that enhance productivity and would have come about even in the absence of the pandemic. All the pandemic did is bring forward those changes.

A look at global export data shows how rapidly normalcy returned even in a year like 2021, which saw the massive Delta and Omicron waves sweep through the world. As Figure 2 shows, not only did the once-in-a-century pandemic have a smaller initial effect on the total global exports in comparison to the 2008 financial crisis, but recovery was also much faster and robust. The total exports of goods and services fell from \$25.2 trillion in 2019 to \$22.7 trillion in 2020 but bounced back the following year, reaching their highest ever level of \$28.2 trillion.

For completeness, let me note that during the pandemic, most countries found that they lacked basic equipment such as masks, PPEs, and ventilators and that, in view of their worldwide shortage, they were unable to count on their imports either. They also found themselves without a source of vaccines even after the latter had been developed and were being manufactured. To the extent that similar problems may arise in the case of another pandemic, countries need to be able to manufacture their masks, PPPs, and vaccines even if they lack comparative advantage in them. The validity of this argument cannot be denied any more than that of the conventional national defense

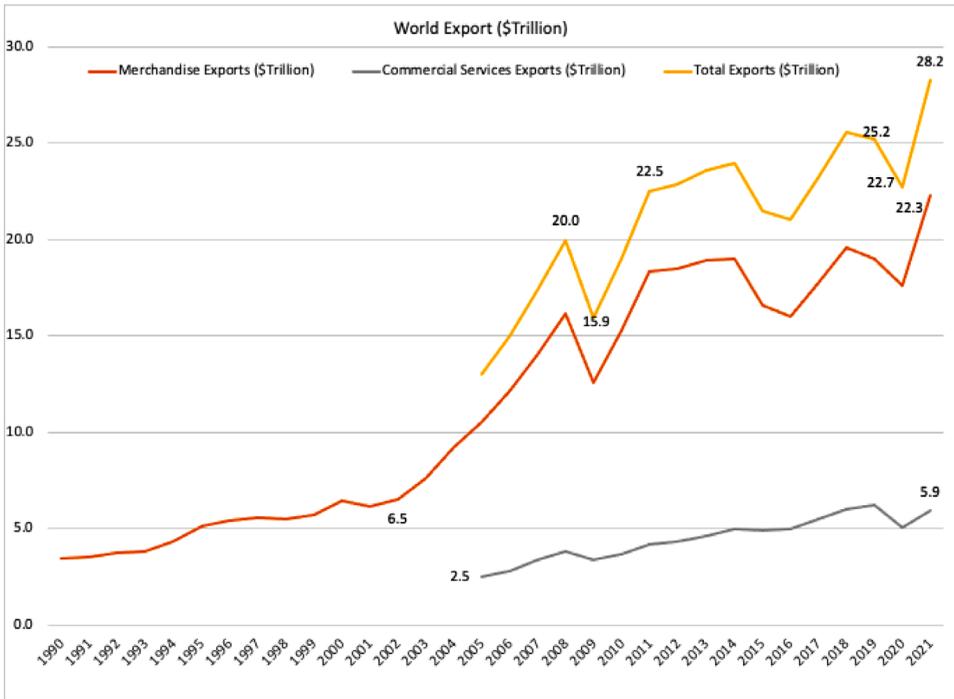


Figure 2: World Exports of Goods and Services

argument for the protection of a domestic armaments industry. But neither of these arguments weakens, let alone negates, the case of export-led growth. Historically, pro-free-trade economists have recognized the need for occasional deviations from full free trade to achieve specific social objectives. But such deviations have to be exceptional and not to be abused.

### ***Rising Tide of Protection***

The next question to consider is whether the rising tide of protectionism in the global economy makes export-led growth infeasible in the 21<sup>st</sup> century. This argument says that when South Korea, Taiwan, and even China were transformed, markets were relatively open. Therefore, these countries could take advantage of scale economies and

cheap labor to specialize in and export large volumes of labor-intensive products. The same option is not available today due to rising protectionism around the world.

This argument is a red herring. Significant new trade restrictions have been applied recently but only by the United States and China on each other. Such bilateral restrictions in a multi-country world are easily evaded in a multi-country world by rerouting and reconfiguring trade flows. This is the key reason why trade sanctions are largely ineffective unless all major countries of the world cooperate to enforce them.

Indeed, the global economy is far more open today than in the days when South Korea and Taiwan trans-

formed. When these countries began opening up, even the Tokyo Round of trade negotiations was still far away. And by the time the World Trade Organization (WTO) came into existence in 1995, their high-growth years were already behind them. Even China began opening up its economy in the late 1970s. But the liberalization negotiated as a part of the Uruguay Round of negotiations, which established the WTO, was implemented between 1995 and 2005. By the time this liberalization was completed, China had already grown at the annual average rate of 10 percent for two and a half decades.

Another way to make this point is that in 1990, global merchandise exports stood at only \$3.5 trillion. Even ten years later, in 2000, they had grown to just \$6.5 trillion. Had China taken a skeptical view of global markets, especially since it was not even a member of the WTO yet, it would have lost out on the phenomenal growth it achieved. In comparison, today, in 2022, merchandise exports stand at \$25 trillion, and commercial services exports are at another \$7 trillion. Lest a skeptic is tempted to argue that the growth in exports is simply a reflection of growth in the world GDP, let me hasten to add that as a proportion of GDP, merchandise exports turned out to be 14.8 percent in 1990, 19 percent in 2000, 23 percent in 2010, and 23.1 percent in 2021. Any country that has its own house in order can find plenty of export opportunities in the global export market. Vietnam offers the latest example of a country that has found no difficulty in expanding its exports of goods and services from just

83.5 billion in 2010 to an impressive \$286.2 billion in 2020. As a proportion of GDP, they have risen from 72 percent to 105.5 percent over the same period.

### ***Automation***

The third and final argument against export-led growth in today's world, based on automation, too, has been greatly overstated. Automation in the form of progressively declining labor-to-capital ratio in manufacturing has been an ongoing phenomenon for decades. As such, it is a fact that the labor-cost advantage of developing countries has been declining. However, the high mobility of capital, which has tended to equalize the cost of capital in different locations, declining costs of transportation, and rising incomes, which have expanded demand for manufactures manifold, have kept the benefit of lower wages alive. Moreover, in today's world, with production processes finely broken down into many activities, it is possible for developing countries to specialize in the most labor-intensive components and activities of each product and still benefit from their abundant labor force.

For machines to replace human labor, two conditions must be fulfilled: Such replacement must be technologically feasible, and it must be commercially viable in the sense that it must yield a unit cost of production no higher than when performed manually. Today, the replacement of some of the most labor-intensive activities by machines is not even technologically feasible. For instance, this is broadly true of the apparel industry—robots have not yet learned to stitch two pieces of

cloth. But even if technological breakthrough makes this feasible, it will be a long time before automatic stitching can beat manual stitching commercially at the wages prevailing in many developing countries.

Nothing illustrates the limits of automation better than the efforts by Adidas to automate its production of sneakers, traditionally one of the most labor-intensive activities. At the end of 2015, the company had opened its first high-tech speed factory in Ansbach, Germany, which began producing sneakers using intelligent robotics technology. In 2017, it opened another similar factory in Atlanta, United States. But by November 2019, Adidas had already announced its intention to close both factories in April 2020 and use their technology in the two factories in China and Vietnam (Crowe 2019).

Indeed, of 360 million pairs of shoes that Adidas produced at the time, these factories together produced only one million. In a 2017 story published in *Quartz*, Kasper Rorsted, the CEO of Adidas, said that full automation of sneaker manufacturing was unlikely in the next 5 to 10 years. When asked whether manufacturing was poised to return to the United States and Europe, he said, "I do not believe, and it is a complete illusion to believe, that manufacturing can go back to Europe in terms of volume" (quoted in Bain 2017). He added that despite political interest in the United States to bring back manufacturing, it is financially "very illogical" and unlikely to happen. His words proved prophetic. Two years

later, the company announced closing down the automated factories.

## Concluding Remarks

The success of East Asian tiger economies bears witness to the power of trade openness. They succeeded in achieving increases in per-capita income within three decades spanning 1960 to 1990 that western industrial economies had taken a century or longer to achieve. Their growth also led to the elimination of abject poverty despite no significant redistributive social programs. China has successfully repeated the experience of the tiger economies during 1980 to 2010 in spite of its much larger population after it shed its Mao Zedong era autarkic policies. In the last decade, Vietnam appears to be on a similar trajectory.

The experience of India, which has been a reluctant liberalizer, has been no different. Its rapid growth beginning in 2003 was also accompanied by a rapid expansion of trade (see Figure 1). The expansion in trade had, in turn, followed its gradual liberalization for more than a decade and elimination of the overvaluation of the rupee. Any reservations that the pandemic, rising protection, and automation have now closed the window to export-led development must be discarded. Trade liberalization and globalization may have come to a pause today. But this gives us no reason to despair since the pause has occurred at a point where, thanks to the past liberalization, the world markets are highly open, and global trade has been flourishing.

## Endnotes

- 1 This paper had its origins in a presentation at a plenary session at the Kautilya Economic Conclave jointly hosted by the Institute of Economic Growth, New Delhi and the Ministry of Finance, Government of India, New Delhi on July 8-10, 2022. Thanks are due to two referees for comments that contributed to multiple improvements in the paper.
- 2 This section draws heavily on Panagariya (2021).
- 3 This example is a slight variation on the one originally used by Fredric Bastiat (1845, pp. 53-5) more than 170 years ago to counter his mercantilist opponents who argued that the benefits of trade came from exporting while imports constituted a cost.
- 4 This section and the following one draw heavily on Panagariya (2019a).
- 5 These were: OECD study led by Little, Scitovsky, and Scott (1970); NBER study led by Bhagwati (1978); Krueger (1978); and World Bank study led by Balassa (1981).
- 6 Choi and Levchenko (2023) make similar points using firm-level data. An important weakness of their analysis is that the firms that failed and therefore exited in the early phase of HCI drive are missing from their sample.
- 7 Sources of estimates relating to sectoral shifts in output and employment and real wage increases reported here can be found in Panagariya (2019, Ch. 11).
- 8 Indicators of secondary school enrollment, life expectancy at birth and urbanization are from the World Development Indicators of the World Bank.

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# The Origins of India: A Comment

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## ABSTRACT

This essay argues that to make sense of the “out of India” debate over the origins of India’s civilization, i.e., whether it was born in India and spread outwards or created after the arrival of “Indo-Aryans” from the Eurasian Steppes, one should look less at politics and more at archaeological, historical, and anthropological evidence. I argue that India’s Vedic civilization was actually *born in India*, but its birth was made possible by the *interaction and assimilation*, both peaceful and violent (largely peaceful), between the migrating Steppe nomads (an incontrovertible fact) and the preexisting Indus Valley people. Moreover, the “out of India” theory is not wholly incorrect if applied to a later time frame, especially after 4<sup>th</sup> century BC. Combining Hindu and Buddhist religious and political ideas, Indian civilization did travel far and wide, creating a cultural “Indian World Order” in most parts of East, Southeast, and Central Asia.

**Keywords:** Indus Valley Civilization, Vedic Civilization, “Indo-Aryan” migration, Jawaharlal Nehru, Narendra Modi, *Hindutva*, Indian World Order

## Los orígenes de la India: un comentario

### RESUMEN

Este ensayo sostiene que para dar sentido al debate “fuera de la India” sobre los orígenes de la civilización india, es decir, si nació en la India y se extendió hacia el exterior o si se creó después de la llegada de los “indoarios” de las estepas euroasiáticas, uno Deberíamos mirar menos a la política y más a la evidencia arqueológica, histórica y antropológica. Sostengo que la civilización védica de la India en realidad nació en la India, pero su nacimiento fue posible gracias a la interacción y asimilación, tanto pacífica como violen-

ta (en gran medida pacífica), entre los nómadas esteparios migratorios (un hecho incontrovertible) y los pueblos preexistentes del valle del Indo. Además, la teoría de “fuera de la India” no es del todo incorrecta si se aplica a un período posterior, especialmente después del siglo IV a.C. Combinando ideas religiosas y políticas hindúes y budistas, la civilización india viajó a lo largo y ancho, creando un “orden mundial indio” cultural en la mayor parte de Asia oriental, sudoriental y central.

**Palabras clave:** civilización del valle del Indo, civilización védica, migración “indo-aria”, Jawaharlal Nehru, Narendra Modi, Hindutva, orden mundial indio

## 印度的起源：评论文

### 摘要

本文论证，要理解关于印度文明起源的“印度起源说”争论（即印度文明是诞生于印度并向外传播，还是在欧亚草原的“印度-雅利安人”到来之后创造的），则应该少关注政治，多关注考古、历史和人类学方面的证据。我认为，印度的吠陀文明实际上诞生于印度，但它的诞生是通过“迁徙的草原游牧民族（这是无可争议的事实）和先前存在的印度河流域民族之间的和平与暴力（基本上是和平）的相互作用和同化”而得以实现的。此外，如果将“印度起源说”应用于后来的时间框架，特别是公元前4世纪之后，那么该理论也并非完全错误。印度文明结合了印度教和佛教的宗教及政治思想，确实传播得很远，并且在东亚、东南亚和中亚的大部分地区创造了文化上的“印度世界秩序”。

关键词：印度河流域文明，吠陀文明，“印度-雅利安”移民，贾瓦哈拉尔·尼赫鲁，纳伦德拉·莫迪，印度教特性，印度世界秩序

**H**ow diverse was India at the birth of its civilization? To make sense of this question, we need to go back to the Indus Valley Civilization.

The Indus Valley Civilization is no stranger to Indian politics, from Jawaharlal Nehru to Narendra Modi. In 1938, nine years before India's independence, its future first Prime Minister wrote an article for the influential American magazine, *Foreign Affairs*. In this article he noted:

Five to six thousand years ago the Indus Valley civilization flourished all over northern India and probably extended to the south also ... Since that early dawn of history innumerable peoples, conquerors and settlers, pilgrims and students, have trekked into the Indian plains from the highlands of Asia and have influenced Indian life and culture and art; but always they have been absorbed and assimilated. India was changed by these contacts and yet she remained essentially her own old self. (Nehru 1938, 231–43)

Eight decades later, in June 2018, India's 14<sup>th</sup> Prime Minister, Narendra Modi, gave a keynote speech to Asia's premier security conference, the Shangri-La Dialogue, in Singapore. Modi exhorted:

Thousands of years ago, the Indus Valley Civilisation as well as Indian peninsula had maritime trade. Oceans and Varuna—the

Lord of all Waters—find a prominent place in the world's oldest books—the Vedas (MoEA, GoI 2018; Jain and Lasster 2018).

The context and purpose of Nehru's speech in 1938 were vastly different from Modi's in 2018. Nehru's words were meant to reassure Americans that an independent India could stand on its own feet. Although "most Americans sympathize with India's struggle for freedom," he wrote, they were "wondering whether it is possible to build a united and progressive nation out of the seemingly infinite diversity that makes up the fabric of Indian life." They need not worry, Nehru urged, for although "India was divided and conquered many times in history ... always the idea of the political unity of India persisted," since the Indus Valley Civilization (Nehru 1938, 231–43).

While Nehru wrote in the shadow of British prison, Modi was showcasing India's rising power. Speaking in Southeast Asia, a region where India had been a major provider of civilization, Modi's purpose was to remind world leaders of India's past and future gravitas in the Indian Ocean and around the world.

Like many Indian leaders when they speak abroad, Modi did give a nod to India's diversity and democracy.

We are inheritors of Vedanta philosophy that believes in essential oneness of all, and celebrates unity in diversity एकम सत्यम, विप्राः बहुदावदन्ति (Truth is one, the learned speak of it in

many ways). That is the foundation of our civilizational ethos—of pluralism, co-existence, openness and dialogue. The ideals of democracy that define us as a nation also shape the way we engage the world. (MoEA, GoI 2018)

By all accounts, his speech was quite well-received. He came across as a suave, well-liked, and well-respected world leader. Modi astutely summed up India's civilizational identity.

His passionate invoking of India's civilizational ethos to stress its diversity notwithstanding, many people, Indians and foreigners alike, are increasingly doubtful whether his government been faithful to that ethos. Are they acting exactly the opposite of what Modi was saying in Singapore about India's, "unity in diversity," "pluralism, co-existence, openness and dialogue," and "ideals of democracy?" While Modi was uttering those lofty words about India's past, his party and government back home were being accused by many of India's secular parties and elite of reinventing India's history, undercutting its democracy, and putting forth an alternate reality.

That alternate reality is known as the "out of India" theory. It might have originated from a man who had, just a year after Nehru's *Foreign Affairs* essay, outlined a competing vision that is best described as "unity without diversity."

That man was Madhav Sardashiv Golwalkar, the second Sarsanghchalak of the Rashtriya Swayamsevak Sangh (RSS), the powerful populist force behind the Bharatiya Janata Par-

ty (BJP). In 1939, Golwalkar had published a book titled *We or Our Nationhood Defined*, in which he asked: "After all what authority is there to prove our immigrant nature? The shady testimony of Western scholars?" (Golwalkar 1939, 42).

Golwalkar's questioning of "our immigrant nature" means denying the well-founded view that a wave of nomadic pastoralists, the so-called Indo-Aryans, had arrived (immigrated) in northern India sometime between the 20<sup>th</sup> and 15<sup>th</sup> century BC. Whether this was an invasion or simply a matter of filling the void left by a deurbanizing Indus Valley society was not a settled issue in Golwalkar's time. But that was not his concern. What was more important for his Hindu nationalist ideology was in which direction the flow of Indian culture went.

For Hindutva hardliners, the answer was unambiguous—it went "out of India." India was a giver, not a taker, of civilization. The Vedic civilization, they argued, was born on Indian soil and linked to the Indus Valley civilization. Far from being imported by foreigners into India, it was exported from India to West Asia, and Europe, thereby creating the myriad Indo-European languages and culture.

There is a politically-charged debate in India these days about whether an Indo-Aryan migration took place in the first half of the 2<sup>nd</sup> millennium BC, whether the Hindu-Vedic civilization was indigenous or brought by nomadic arrivals, and whether the native-born Indian Vedic civilization went "out of

India” to create the wider universe of Indo-Aryan language and culture.

Yet the “out of India” thesis has been seriously challenged, first by archaeology and historiography, and lately by genetics (for the debate on this matter see Venkataramakrishnan 2018; Joseph 2018; Witzel 2018; Muhammad 2020). Recent genetic studies appear to prove a significant influx of migrants from the Steppes and Central and West Asia during that period. They do not support the view that the original Indus Valley people and Indo-Aryans are genetically the same people. More important, they also show that contemporary Indians are a remarkable ensemble of genes.

For their part, though, the Hindu nationalists dismiss scientific proof that shows the absence of any genetic connection between the Indus Valley inhabitants and the Indo-Aryan migrants. But the birth of civilizations is too complex to be settled by genetic studies alone.

This highly political controversy misses a key point. Both sides seem to agree that there was no Aryan “invasion,” although the predominantly male Indo-Aryan settlers have been characterized as an aggressive bunch in smashing property and snatching local women after they arrived in new places. At the same time, the Hindu nationalists in the BJP (keeping in mind the party has many moderate elements who take a different view) have a point.

Like all political debates, positions on both sides on the current debate about the origins and spread of In-

dian civilization are more extreme than what the facts indicate.

It is possible to see this debate from a different perspective. The Vedic civilization was actually *born in India*, but its birth was made possible by the *interaction*, both peaceful and violent, between the migrant Steppe nomads and the preexisting Indus Valley people. It is this blending which needs to attract a great deal of further research and debate. Such research should address the following questions.

First, one should examine whether the Indo-Aryans nomads had a well-organized religion before they arrived in India. Most likely they did not. Although some of their gods like Indra, Varuna, Mitra, and Nasatyas are mentioned as witnesses to the Hittite-Mittani Treaty of 1350 BC in West Asia (Kulke and Rothermund 1986, 33), most of the rituals and practices of the Indo-Aryans seemed to have been developed during or immediately after they reached *Indian soil*. The Rig Veda provides ample proof of this. This is also why despite a possibly common origin, and root words, Sanskrit developed a distinctive quality from other Indo-European languages.

Second, one should look at whether some of the deities of the Indus Valley people might have been adopted by the Indo-Aryans. For example, the Indus Valley seal, Pashupati, has been regarded as a proto-Shiva by some historians (Ibid, 20).

Third, the Indus Valley had a thriving trade and cultural interaction with the early Sumerian and Mesopota-

mian civilizations, and they influenced each other. The Indo-Aryans were part of a general migration of Steppe nomads, some of whom had earlier settled in those very sites of Mesopotamia, in West Asia, Iran, Anatolia, as well as India, etc. It is thus quite likely that some of the Indo-Europeans who arrived in India did not come directly from the Steppes but from the Steppe settlements in West Asia (like Mittani and Iran), or at least had come into contact with these earlier Steppe settlers on their journey to India. This created at least additional common ground for the fusion between the Indus Valley and Indo-European cultural beliefs and practices.

Fourth, throughout history, conflict and war have been a major catalyst for inter-cultural mixing and learning. The Romans borrowed much from the Greeks after defeating them. The Crusades, which ended in a draw, spurred knowledge borrowings by the Christians from the Muslims through massive translations of Arabic and Persian texts to Greek, Latin, and French, including some original Greek texts which the Arabs had earlier translated into their language.

The Vedas provide evidence of conflicts between the Indo-Aryans and the Indus Valley people, although it's doubtful that this amounted to an Aryan genocidal invasion that wiped out the Indus Valley culture. What is more likely is that those conflicts would have led to cultural interaction and mutual learning in areas such as technology, food habits and cultural and even religious beliefs. In her Book *Early India*,

Romila Thapar notes that the early Indo-European languages (Sanskrit) absorbed Dravidian and Munda elements, suggesting "considerable intermixing of the speakers of the two languages" (Thapar 2002, 86).

Fifth, studies in art history and archaeology prove beyond doubt that when two cultures meet, the result is adaptation and localization, not displacement or extinction, of one by the other. Often a newly arriving "foreign" people or culture adapts to a preexisting local culture, in which the local cultural habits and beliefs play a decisive role. This is amply demonstrated in Southeast Asia.

When Indian culture arrived in Southeast Asia, as I have discussed in my book *Civilizations in Embrace* (2012), it did not extinguish the preexisting Neolithic culture, but might have enhanced it. As D.R. SarDesai, one of leading historians of Southeast Asia, put it, Southeast Asia "adopted the alien cultural traits without in the process losing its identity" (SarDesai 1994, 16). Southeast Asians borrowed amply but selectively (they did not take the Hindu caste system for example), but what they did, including Indian art, religion, political concepts and practices, helped them to build stronger and more durable empires, under rulers who became identified with powerful Hindu deities, especially Shiva.

This is what might have happened to the Indus Valley Civilization or Harappan culture when the nomadic pastoralists arrived. One must look closely at whether and to what extent the

Harappans might have shaped the incoming Indo-Aryan culture or vice versa. The interaction and possible merger between the two cultures should be a guiding principle and focus for further research.

Sixth, there is considerable archaeological, literary, and sociological evidence to show that India's Vedic Sanskrit civilization travelled far and wide, to South India in a process which the noted Indian sociologist M.N. Srinivas called Sanskritization (Srinivas 1956, 481-96), and to Central and Southeast Asia, if not to Europe. Sheldon Pollock's idea of "Sanskrit Cosmopolis," presented in his magisterial *The Language of Gods in the World of Men*, captures the story of this diffusion convincingly (Pollock 2006).

What is also beyond doubt is that the spread of Indian civilization was done not through the sword but through a peaceful transfer of ideas and beliefs—not through colonization, but through acculturation and localization. This sets Indian civilization apart from its major counterparts in the world. As Paul Wheatley in his Presidential Address to the Association of Asian Studies (AAS), noted, "the process by which the peoples of western Southeast Asia came to think of themselves as part of Bharatavarsa (even though they had no conception of 'India' as we know it) represents one of the most impressive instances of large-scale acculturation in the history of the world" (Wheatley 1982, 27-28).

The fact that this happened after, not before the arrival of the Indo-Ary-

an pastoralists, need not be a matter of shame for any proud Indian nationalist. The peaceful spread of Indian civilization to Central Asia, China, Japan, Korea, and Southeast Asia is a stunning achievement.

Next, a point about the longevity of Indian civilization. This is a separate issue, but still important to the current debate over the "out of India" thesis. It stokes Hindu nationalist pride to deduce from Rakhigarahi excavations that the origins of the Harappan or Indus Valley Civilization might go back to a much earlier period (seven or eight thousand years). But if conclusively proven, this does not negate the eclectic founding of Indian civilization, since the older civilization did not have all the major Vedic traits. Because as we now know, the people of Harappa did not disappear, but merged with, the new ideas and cultural practices brought by the Indo-Aryans. Otherwise, we would not have so much cultural overlap between the people of North and South India, despite the latter being considered closer to Indus Valley people in genetic terms.

This happens to all civilizations. Witness the transformation of Chinese civilization more than a thousand years after it was founded with the arrival of Buddhism from India. It is pretty hard to think of Chinese civilization today without considering the impact of Buddhism, a foreign religion. But the presence of Buddhism does not undermine Chinese claim to be one of the oldest continuous civilizations in the world. Accepting and establishing the merger of the Indo-Aryans with the

preexisting Indus Valley civilization would enhance the claim of the India to be the world's oldest continuous civilization.

If the evidence of a merger between the Indus Valley and Indo-Aryan cultures is correct, it considerably extends the lifespan of Indian civilization. Presently, China claims to be the world's oldest continuous civilization. But its earliest proven civilization is Shang, from about 1600 BC period (the claim of a Xia dynasty dating to 2000 BC has not been conclusively proven). But the Indus Valley Civilization is no myth. And it might have extended back to a much earlier period (by seven or eight thousand years). With evidence of its continuity in both genetic and cultural terms, it is India which stakes the claim to the world's longest continuous civilization.

We thus need less politics and more archaeological, historical, and an-

thropological research to explore and establish the social and cultural connections, mutual borrowings, and genetic and cultural merger between Indus Valley and Indo-Aryan cultures to establish the true origins and identity of Indian civilization.

The affirmation of India's diversity by political leaders and public intellectuals would ring hollow if they would not accept that the Indian civilization was founded upon a blending of diverse and eclectic elements—genetic, social, cultural—and this might have started with the encounter between the Indus Valley culture and the Indo-Aryan arrivals, who were immigrants in the modern sense. It is this amalgamation which has contributed to the vitality and longevity of the idea of India, and its projection to the wider world, creating the basis of what I call the Indian World Order.

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# Manipur: A Broken Land

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## ABSTRACT

This article analyses the descent of Manipur—a small state in India’s north-east—into a civil war since May 2023. It describes the conflict and the humanitarian crisis that it has spawned with the state government doing little for thousands whose homes and villages have been burnt down or those who fled in fear. It explains how the conflict rests on bitterly fought rival claims both of indigeneity and access to land, with the Kuki falsely stigmatized as foreigners and infiltrators. A court ruling for the dominant Meitei to be notified as Scheduled Tribes ignited the conflict, because this would enable them to buy hill lands. The Kuki, constitutionally protected as Scheduled Tribes, feared being submerged in their homelands. However, as the article elaborates, grounds for the conflict were laid by a series of openly partisan and provocative actions taken by BJP Chief Minister, N. Biren Singh. His notorious anti-Kuki rhetoric stigmatizing them as “illegal immigrants” and “foreigners” and narco-terrorists; declaration of large, cultivated hill tracts as reserved forests, cancellation of property deeds, and large-scale ejections had caused much consternation. He also withdrew ceasefire protection to Kuki militants and tacitly encouraged Meitei militant groups. Most culpably, the Meitei were allowed to loot over 4,000 modern weapons from various police armouries.

**Keywords:** Manipur, Meitei, Kuki, Northeast India, human rights violation, Hindu Nationalism, Hate speech, Civil War, ethnicity, Scheduled Tribes, indigeneity

# Manipur: Una región dañada

## RESUMEN

Este artículo analiza el descenso de Manipur, un pequeño estado en el noreste de la India, a una guerra civil desde mayo de 2023. Describe el conflicto y la crisis humanitaria que ha generado, con el gobierno estatal haciendo poco por miles de personas cuyos ho-

gares y aldeas han sido destruidos, o para aquellos que han huido con miedo. sido quemado. Explica cómo el conflicto se basa en reivindicaciones rivales encarnizadas tanto de indigeneidad como de acceso a la tierra, con los kuki falsamente estigmatizados como extranjeros e infiltrados. Un fallo judicial para que los meitei dominantes fueran notificados como tribus reconocidas encendió el conflicto, porque esto les permitiría comprar tierras montañosas. Los Kuki, protegidos constitucionalmente como tribus reconocidas, temían quedar sumergidos en sus países de origen. Sin embargo, como explica el artículo, las bases del conflicto las sentaron una serie de acciones abiertamente partidistas y provocativas adoptadas por el Ministro Principal del BJP, N. Biren Singh. Su notoria retórica anti-Kuki, estigmatizándolos como “inmigrantes ilegales”, “extranjeros” y narcoterroristas; La declaración de grandes extensiones de colinas cultivadas como bosques reservados, la cancelación de títulos de propiedad y las expulsiones en gran escala habían causado mucha consternación. También retiró la protección del alto el fuego a los militantes de Kuki y alentó tácitamente a los grupos militantes de Meitei. Lo más culpable es que a los Meitei se les permitió saquear más de 4.000 armas modernas de varios arsenales policiales.

**Palabras clave:** Manipur, Meitei, Kuki, noreste de la India, violación de derechos humanos, nacionalismo hindú, discurso de odio, guerra civil, etnicidad, tribus reconocidas, indigeneidad

## 曼尼普尔邦：破碎的土地

### 摘要

本文分析了印度东北部的一个小邦（曼尼普尔邦）自2023年5月以来陷入内战的过程。本文描述了冲突和由此引发的人道主义危机，该邦政府对“成千上万的居民（其家园和村庄被烧毁）以及那些在恐惧中逃离的人民”几乎没有采取任何行动。本文解释了冲突如何建立在对本土性和土地使用权的激烈争夺之上，并且库基人被错误地污蔑为外国人和渗透者。法院裁定将“占主导地位的梅泰人”列为表列部落，这引发了冲突，因为这将有助于他们购买山地。库基人作为表列部落受到宪法保护，而他们担心自己会消失在家园。然而，正如本文所阐述的那样，印度人民党首席部长比伦·辛格采取的一系列公开的党派行动和挑衅行动为冲突埋下了伏笔。他臭名昭著的反库基人言论，将他们污蔑为“非法移

民”、“外国人”和毒品恐怖分子；宣布大片耕作山地为保留林、取消财产契约、以及大规模的驱逐引起了极大的恐慌。他还撤销了对库基武装分子的停火保护，并暗自鼓励梅泰武装组织。最难辞其咎的是，梅泰人被允许从不同警察军械库掠夺4,000多件现代武器。

关键词：曼尼普尔邦，梅泰人，库基人，印度东北部，人权侵犯，印度教民族主义，仇恨言论，内战，族群性，表列部落，本土性

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**A**t the time I write this,<sup>1</sup> eight months have passed since Manipur—a small state in India’s north-eastern region, abutting Myanmar—exploded into a civil war of the kind that independent India has not seen, with civilians of the two bitterly warring communities, the Meitei and Kuki, armed to their teeth with weapons of modern warfare.

Religious and caste conflicts are by no means new to India, and ethnic conflicts have been rife in the states in India’s north-east region. Mainland India has seen recurring cruel and brutal attacks on oppressed-class Dalits and indigenous Adivasis; violence against religious minorities—most often Muslims, but on occasion also against Sikhs and Christians—with tacit to open support of the state; and Maoist uprisings. India’s north-eastern states have been torn apart by a range of often decades-long insurgent movements mostly organised around ethnic lines.

Many commentators see close parallels between the Manipur violence of 2023 to the Gujarat anti-Muslim

communal carnage of 2002. What is indeed similar between these bloody conflicts separated vastly by geography and two decades of time is that in both of Gujarat and Manipur, the state governments were openly, even defiantly majoritarian in their communal or ethnic partisanship. In both of these, the state governments took few steps to prevent or effectively control the violence once it broke out; nor to protect the lives and properties of the targeted minorities—Muslims and Kuki tribal communities respectively. And after the clashes, both state governments did not extend any comprehensive relief to the victim survivors, nor ensure legal justice. Another similarity was that the same party—the Hindu nationalist Bharatiya Janata Party—was in power in both the central and state governments, but the central leadership refused on both occasions to remove the Chief Ministers from office despite their disgraceful failures and manifest unconstitutional partisanship.

Other commentators view the current conflict in Manipur as one

more in a long series of violent ethnic conflicts perpetrated by militant groups affiliated with various ethnic groups that have wounded Manipur ever since its union with India in 1949. There are an estimated 30 militant groups in Manipur. One indicator of the extent to which violence is endemic to Manipur is that while Manipur constitutes barely 0.2 percent of the total population of India, its share in the number of criminal cases under India's anti-terror law (UAPA) between 2014 and 2020 is as high as 38 percent (2595). Jammu and Kashmir, riven as it is with militancy, comes a distant second at 1202 cases. In 1949, militant groups rose among the Meitei and Naga people. The Kuki militant groups formed from the 1990s, particularly after a bloody conflict between the Kuki and Naga that took 400 lives. In recent years, the militant groups were relatively dormant. The Naga groups were in extended peace negotiations with the Government of India. The Indian government had also joined a tripartite Suspension of Operations (SoO) agreement since 2008 (Donthi 2023). Two Meitei militias have been active in the present conflict, the Arongal Tengol and Meitei Leepun. These are widely believed to be actively patronised by the Chief Minister Biren Singh.

There are no doubt echoes of both of these streams of blood-letting—ethnic and insurgent—in the Manipur clashes of 2023. But the combat in Manipur cannot be reduced to a communal, caste or ethnic clash nor to a militant insurgency of the kind that have racked the country in the decades since Independence. What makes it different from

both streams is the scale to which ordinary citizens—and not just members of militant groups—are armed in the 2023 Manipur combat with weapons of modern warfare, including assault rifles, light machine guns and mortars. It is this that has turned the state into a war zone unlike what free India has seen.

Even eight months after this conflagration began, the hostilities show no signs of any end. News of fresh gunfire, bomb explosions and casualties on both sides continues to pour in. The state has also effectively been militarily partitioned by armed citizen action. Civilian groups including of women have not permitted for eight months the passage of even food and medical supplies or security personnel from the Imphal valley to the hills, spawning an intense humanitarian food and health care crisis. The Imphal valley has been entirely emptied out of its Kuki residents, and the southern hills of their Meitei inhabitants. Not just civilians, businesses and professionals but even government officials including policepersons, doctors and teachers have felt compelled to abandon their posts based on their ethnicity; now no Meitei can work in the southern hills and no Kuki in the valley.

Even the ten Kukis elected to the legislative assembly, including a minister, were unable to travel to Imphal for assembly sessions or to attend office. These ten Kuki MLAs, including eight from the ruling BJP, issued a public statement reflecting their despondency: “Our people can no longer exist” in the state of Manipur because “the hatred against our tribal community

reached such a height that MLAs, ministers, pastors, police and civil officers, laymen, women and even children were not spared, not to mention the destruction of places of worships, homes and properties.” To live amidst the Meitei after this violence, they declared, would be “as good as death” (*Scroll.in*, 12 May 2023).

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There are three main ethnic groups in Manipur, the Meitei, Kuki-Zomi, and Naga people. The Meitei are the politically and economically dominant group, constituting more than half the population (53%). The Nagas form around 17 percent of the population, and the Kuki-Zomi around 26 percent. There are also Meitei who are Muslim, called the Pangal. They form 8 percent of the population of Manipur. They are also people who migrated from Nepal and mainland India.

Whereas we refer in a kind of short-hand to the Naga and the Kuki-Zomi as though each of these are homogenous tribes, this is not a reality. In fact, the Indian Constitution lists 34 tribes listed as Scheduled Tribes in Manipur (Das 2023). Some of these identify with the Naga cluster, and some with the Kuki-Zo.

It is interesting that after the Manipur king had converted Manipur into a constitutional democratic monarchy in 1947 (Schoetz and Das 2023), the first of its kind in Asia, the Constitution reserved 30 seats in the legislature for what it called the “General” category, 18 for the “Hill” people and 3 for the Mohamaden (Muslim) citizens of Manipur.

The Meitei have tended to cluster in the valley, the Kuki in the southern hills, and the Naga in the northern hills. There have been periodic occasions in the past of spikes of bloody clashes between various ethnic groups. But for the greater part they have lived side by side peaceably. The separate living of the three communities was not absolute or hostile, because in areas where one community dominates, the others tend to cohabit peacefully as minorities. However, the 2023 conflict threatens to reverse this, because both Meitei and Kuki people no longer feel safe living side by side with each other.

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The three major communities of Manipur today press rival claims both of indigeneity and access to land. There are rancorous wrangles about which peoples are indigenous to Manipur and who are outsiders. The claims to indigeneity of the Meitei are indisputable; they trace their history to one of the longest unbroken dynasties in the world, the Ningthouja, that goes back around two millenia, from 33 CE. The kingdom for the greater part was confined to the valley, but on occasion included the hills and even stretched up to the Irrawady River in Myanmar (Schoetz and Das 2023).

The rulers and people followed the indigenous animistic faith of Sanahism until the 18<sup>th</sup> century. In 1704 CE, the king converted to the Hindu faith, and large sections of the people followed his example by adopting the Vaishnavite faith. The kingdom was called Kangleipak. The king, now con-

verted to Hinduism, renamed the kingdom in 1724 CE to Manipur which in Sanskrit name means the Jewelled Land (Schoetz and Das 2023).

The claims of ancient belonging to Manipur of the Nagas also are likewise incontestable. They have lived in the northern hills surrounding the Imphal valley for nearly as long as the Meitei inhabited the valley.

The disputes of belonging pivot on the claims of the Kuki people, often stigmatised as foreigners and infiltrators in today's majoritarian discourse. The first archival mention of the Kuki in Manipur is in British colonial records in 1777 CE (Schoetz and Das 2023). Some scholars believe that the British aided the settling of the more peaceable Kuki people in the Manipuri hills as an offset to the more belligerent Naga tribes. But it is also true that the Kuki were enemies of the colonial British and so the veracity of colonial writings cannot be taken for granted. Therefore, their habitations in the Manipur hills could conceivably be of even older vintage.

Even more than belonging, at the core of the current combat lies land ownership. The dominant Meitei community with more than half the population occupy just 10 percent of the land. They are barred from buying land in the hills, inhabited predominantly by Naga and Kuki tribal communities, because of the special constitutional protections of the Naga and Kuki as Scheduled Tribes. It is the restiveness of the Meitei people—and allegedly of large business houses—that seek legal rights to buy lands in the hills that fuelled the demand that

the Meitei too be notified as Scheduled Tribes. If this is done, it would open the floodgates of enabling them for the first time to buy lands in the hills, which stirs a dread of being submerged by the more powerful outside community in their own homelands.

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The immediate spark for the fearsome 2023 conflagration in Manipur was lit by a ruling of a single-judge bench of the Manipur High Court in March 27 that instructed the state government to recommend that the Meitei be notified as Scheduled Tribes in the Indian Constitution (Lakshman 2023). This led to outrage and existential anxieties among the Kuki people, who feared that their safe sanctuaries in the hills would be invaded by the politically and economically dominant Meitei people, and using them as a front, by big businesses. But the state government, instead of allaying their anxieties instructively chose not to appeal against this order.

This High Court ruling became the proverbial straw that broke the camel's back. The ground for the inferno was already laid by a series of openly partisan and provocative actions taken by the BJP Chief Minister, N. Biren Singh.

To begin with was his anti-Kuki rhetoric. He was notorious for this even from the time before his defection from the Congress to the BJP. But holding the constitutional office of Chief Minister did nothing to restrain him. The state government also did not intervene to restrain the leading local print and digital media outlets that ran a vicious hate campaign against the Kuki, including

distortions of their history and demonising them in other ways as well.

The Chief Minister stigmatised the Kuki people as “illegal immigrants” and “foreigners.” He was not restrained by the fact that the decennial censuses from 1901 to 2011 did not reveal any unusual rise in the non-Naga tribal population, revealing the claim of the Kuki being aliens to Manipur an evident falsehood (EGoI 2023).

Second, he repeatedly disgraced the Kuki as “poppy cultivators” (or worse, narco-terrorists). It is true that large acres of fields in the Manipuri hills have been diverted by impoverished Kuki farmers to cultivate poppies. Data put out by the statutory Narcotics and Affairs of Border (NAB) admits that 15,497 acres of land is under poppy cultivation over the past five years. Of this, 13,122 acres were in Kuki-Chin-dominated areas, 2,340 acres in Naga-dominated areas and 35 acres under other parts of the state (Achom and Choudhury 2023).

But it is unfair to lay the blame for Manipur’s drug epidemic primarily at the door of the Kuki people. This illegal cultivation could not have continued without the tacit consent of successive governments in Manipur. And second, there is no empirical basis for the Chief Minister to claim that the Kuki are key actors in the cross-border drug industry centred in Myanmar (Donthi 2023), making them answerable for the massive rise in drug addiction has grown like a cancer across the valley. Local commentators estimate that the scale of the illicit drug trade in Manipur is

of around 50,000 crore rupees (which is considerably higher than the entire budget of the state) (Kapoor 2023); and there is no convincing proof that the processing and trafficking of drugs are done by Kuki entrepreneurs. The giant transnational drug industry could only flourish with the patronage of people of immense wealth and political clout in Imphal, Delhi and Myanmar.

The Biren Singh government also took major high-handed executive steps that further fuelled the trepidation and land anxiety among the Kuki. The Kuki have for generations, indeed centuries depended on shifting cultivation in their forested hill habitats. But the state government precipitously declared parts of these hill tracts as “reserved” and “protected” forests and cancelled all land ownership documents beginning from December 2022. The Editors Guild reports that while this was troubling enough for the Kuki, what led to even more fear and rage among them was “that the forest surveys, inquiries, evictions and demolitions were carried out only in the non-Naga inhabited tribal areas, once again leading the Kuki community to believe that it was being singled out” (EGoI 2023, 3). This led inevitably to violent confrontations in the early months of 2023, there were inevitably many clashes between officials and the Kuki residents of these villages. On April 3, 2023, a committee chaired by the Chief Secretary cancelled all land and property deeds and recognition of villages within the newly declared reserved and protected forest areas, without any rehabilitation plan for the evicted tribal population (EGoI 2023, 3).

The chief minister also launched with much fanfare a “war on drugs.” The drugs of choice in the transnational drug trade are “heroin, brown sugar, prescription painkillers, cough syrups and Yaba or WIY (“World Is Yours”) pills.” The government instead focussed only on criminalising poppy cultivators, the majority of who are, as we saw, Kuki. It did little to act against “the other components of the drug trade, the smuggling of synthetics to Myanmar and the smuggling in of drugs and their distribution through Manipur” (EGoI 2023, 4).

Again, summarily, without public debate and explanations, in March 2023 the state government suddenly and unilaterally cancelled the tripartite Suspension of Operations (SoO) agreement with the Kuki militants. This amounted to a sudden unexplained withdrawal of what was effectively a ceasefire with Kuki militants. The government also withdrew the Armed Forces Special Powers Act (AFSPA) only from the Imphal Valley and not the hill districts. The Editors Guild notes that this was openly targeting the Kuki because “the Kuki insurgent groups were in peace talks with the Centre while the Meitei insurgents active in the Imphal Valley were outside any process of negotiation for peace” (EGoI 2023, 3). He also posed for pictures with Meitei militias like the Arambai Tenngol. The Editors’ Guild observed that this was understandably “seen by the Kuki-Zo tribals as a partisan move in preparation for violence against the Kuki, which came a few weeks later” (EGoI 2023, 3).

But the state action (or inaction) that most transformed what would otherwise have been at its worst a blood-drenched ethnic conflict (of the kind that Manipur had seen also in the past) into a full-scale civil war, was allowing with little resistance the looting of police armouries. On the day of the march, throngs of Meitei people raided police armouries and absconded with more than 4,000 modern weapons. Among these were assault rifles, long-range guns, 51 mm mortars and over half a million bullets. It is clear that the Manipur police forces, most of them of Meitei identity, did little to halt this plunder, because there are no reports of significant injury or loss of life both among the police personnel and the civilian looters. This was not a one-time episode. Instead, such raids recurred periodically. There are allegations that Kuki police personnel in the hills stood by as crowds of Kukis also looted weapons, but on a much smaller scale (Donthi 2023). To date, only a small fraction of these arms has been recovered. This kind of serial loot by civilians of state armouries without resistance from the police, strongly suggestive of the concurrence of the state to arming themselves with lethal cutting-edge weapons a section of citizens with modern weapons, is unprecedented in independent India.

\* \* \*

The fires of the combat were lit on May 3 after tribal student groups organised protest marches in all district headquarters with the call “Come Let Us Reason Together” (Das 2023). But during rallies in ten of sixteen districts people of the two communities clashed

violently. That night radical squads of Meitei youth attacked and set afire Kuki homes, villages and churches in the Imphal valley and murdered many including women and children. The following day, the Meitei, including women, spilled onto the streets in massive counter-rallies, even preventing the security forces from protecting and rescuing people, their properties, and villages and churches. These attacks were quickly mirrored in the hills, where people attacked and burned down most villages and houses of Meitei minorities in the hills. Horrifying incidents of sexual violence also were reported, in which women were stripped naked, groped, and publicly raped and killed.

The murders, rapes, looting, and gutting of thousands of homes, villages, and religious shrines resulted in more than 60,000 people turning homeless, as both the Kuki and Meitei fled from settlements in which they had lived peacefully as minorities, after their houses were vandalised and razed, and over 300 churches burnt down. While both communities have been badly ravaged by the violence, it is indisputable that losses have been graver among the Kuki, arguably the outcome of tacit or open state government support for the majoritarian Meitei community.

The state government is largely absent from the relief camps, especially for Kuki internally displaced persons in the hills. A team of *Karwan e Mohabbat*, a civil society campaign for solidarity and justice for survivors of hate violence (of which this writer is a part) published a report about the humanitarian crisis into which the people in-

ternally displaced by the bloody clashes have been thrust (*Karwan e mohabbat* 29 August 2023).

The governments of India and Manipur have also done little—even eight months into the conflict—to disarm civilian populations and militant militias, and to charge, arrest and prosecute people charged with the killings and rapes, the plunder of armouries, and the vandalising and arson of homes and villages

What needs deeper study is the contribution of the Hindu supremacist organisation, the RSS, in laying the ground for the conflict. It is well-known that RSS workers have been working with dedication for many years in the Manipur valley. The large majority of the Meitei are Vaishnavite Hindus, and most of the Kuki are Christians, aligned to the local protestant Church of India. But the clashes in Manipur, as indeed all across India's north-eastern states have been not about religious but ethnic identity. Many observers suggested in conversations with me that the RSS has contributed to the recent surge of "Meiteism"—a concerted campaign to revive Meitei identity, religion and culture often aligned with Hinduism" (Bose 2023). Has the RSS been able to converge Meitei sub-nationalism with Hindutva nationalism? Are the Kuki being demonised not just for their ethnicity but also for their religious faith, feeding into the much older RSS trope of alleged proselytising by the Christian church? It is difficult to offer definitive answers to these questions, but there are signs on the ground that point in this direction.

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The Kuki people have erected a Wall of Remembrance in the hill town of Churachandpur. In the front is a long line of empty black coffins. On the rear is a wall with pictures of every person — child, woman, and man—who lost their lives in this combat. On another wall people write messages of tearful tribute to the dead. For many months, on every alternate day thousands of women would wear black clothes of mourning and collect at this memorial site to collectively grieve.

After this writer travelled in Manipur seven months after it had exploded with violence and hate, I took the extraordinary step of writing to all Members of the Indian Parliament (MPs).<sup>2</sup> I end this account with some lines from my letter to the MPs.

[I am bearing witness to a Manipur that is] still badly broken—smouldering, wounded and aching. ...[The] informal border that separates the two bitterly warring communities, the Meitei and Kuki, remains as stubborn and unbending as it was when they first took up arms against the other. ... It is both “unyielding” and “pitiless” ... [as] 109 bodies of Kuki men, women and children killed during the violence lay in the mortuary of the medical college in Imphal for seven months, until finally the Supreme Court intervened and bodies of 64 victims were airlifted on 14 December. Up to then no arrangements had been made

to secure their safe transport from the valley to the hills, and it was not possible for the families of the dead to travel to Imphal to claim their dead for fear of being murdered along the way. In the mortuary of the Churachandpur Medical College, another 46 bodies lay. The Kuki people awaited the return of the corpses from Imphal before all the killed people were buried side by side in keeping with their customs.... [The wrenching conditions of the] relief camps in the hills from which the state is almost entirely absent ... Food is austere, sanitation primitive and children unschooled. The loss of the residents in relief camps in both the hills and the valley ... is profound—of homeland, loved ones, home, friends, trust and an entire way of life ... [The] relief workers spoke to me of the sharp spike in drug usage by young people who found themselves trapped in the darkest of despair. Despair deepens further ... because people battered by the violence encounter few public expressions of remorse, little legal justice, too small an attempt to confiscate the massive cache of firearms looted from police armouries, and no let-up on the propaganda of hate. ... [A] a very tiny trickle of people has returned to their villages, barely a few hundred. These too are only young men trying to cultivate their fields even at risk

to their lives to better feed their families in the camps. People of both communities are convinced that it is impossible for them to

return to their old burnt down habitations to live side by side with the estranged community again.

## Endnotes

- 1 I draw upon a range of my articles on the situation in Manipur, including “As Manipur crisis intensifies, where is the state?” in *The Indian Express*, 2 August 2023, available at: <https://indianexpress.com/article/opinion/columns/manipur-visit-harsh-mander-karwan-e-mohabbat-kuki-meteis-clash-8871974/>; “Manipur: A Land of Settled Grief,” 1 Nov 2023, *The Wire*, available at: <https://thewire.in/security/manipur-a-land-of-settled-grief>; and “In grief-struck relief camps, songs and prayers heavy with suffering – Manipur, seven months later,” 20 December 2023, *Scroll.in*, available at: <https://scroll.in/article/1060752/in-grief-struck-relief-camps-songs-and-prayers-heavy-with-suffering-manipur-seven-months-later>
- 2 I wrote individual letters separately to each of the MPs, on the dates 28 Dec 2023, 30 December 2023, and 2 January 2024, and sent these letters to them by post. I also published an online copy of the letter on <https://karwanemohabbat.substack.com/p/as-the-people-of-india-let-us-care>. I did not receive any acknowledgement of the letters from the MPs.

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# Let the Good Times Roll? The Modi Government's Economic Performance, 2014-2022

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## ABSTRACT

When the BJP came to power in India's General Elections of 2014, it promised "ache din" (good days) to India's citizens. In this article, we examine the economic performance of the Indian economy during the first and second terms of the Modi government, to assess to what extent the Modi government could deliver on its promise. We find that the macroeconomic performance of the Modi government has been strong, in comparison to other emerging economies. In the Modi government's two terms in office, the Indian economy was hit by two large negative shocks—demonetization, which was policy induced, and the COVID-19 pandemic, which wreaked havoc on the global economy. The Government also prioritised the large-scale delivery of public goods and direct benefits to the poor. However, "ache din" has yet to arrive in India, with the persistence of unemployment and under-employment in the economy, and the dearth of good jobs in manufacturing and tradable services. The key policy challenge of the Modi government as it seeks a third term in office is to create productive jobs outside agriculture for India for the country's increasingly educated and aspirational youth.

**Keywords:** Modi government, economy, demonetization, GST bill, COVID-19 pandemic

## ¿Deja que los buenos tiempos pasen? Desempeño económico del gobierno de Modi, 2014-2022

### RESUMEN

Cuando el BJP llegó al poder en las elecciones generales de la India de 2014, prometió "ache din" (buenos días) a los ciudadanos de la India. En este artículo, examinamos el desempeño económico de

la economía india durante el primer y segundo mandato del gobierno de Modi, para evaluar hasta qué punto el gobierno de Modi pudo cumplir su promesa. Encontramos que el desempeño macroeconómico del gobierno de Modi ha sido sólido, en comparación con otras economías emergentes. Durante los dos mandatos del gobierno de Modi, la economía india se vio afectada por dos grandes shocks negativos: la desmonetización, que fue inducida por políticas, y la pandemia de COVID-19, que causó estragos en la economía mundial. El Gobierno también dio prioridad a la entrega a gran escala de bienes públicos y beneficios directos a los pobres. Sin embargo, el “dolor estruendoso” aún no ha llegado a la India, debido a la persistencia del desempleo y el subempleo en la economía y la escasez de buenos empleos en la manufactura y los servicios comercializables. El principal desafío político del gobierno de Modi en su búsqueda de un tercer mandato es crear empleos productivos fuera de la agricultura para la India, para los jóvenes cada vez más educados y aspiracionales del país.

**Palabras clave:** gobierno de Modi, economía, desmonetización, proyecto de ley GST, pandemia de COVID-19

## 让快乐的时光持续？2014年至2022年间莫迪政府的经济表现

### 摘要

当印度人民党在2014年印度大选中获胜时，它向印度公民承诺“好日子”（*ache din*）。本文中，我们分析了印度在莫迪政府第一和第二任期内的经济表现，以评估莫迪政府在多大程度上能兑现其承诺。我们发现，与其他新兴经济体相比，莫迪政府的宏观经济表现强劲。在莫迪政府的两届任期内，印度经济遭受了两次较大的负面冲击：政策引发的废钞令和对全球经济造成严重破坏的新冠肺炎大流行。政府还优先考虑向穷人提供大规模公共产品和直接福利。然而，“好日子”尚未降临印度，因为经济中失业和就业不足的情况持续存在，并且制造业和可贸易服务业缺乏良好的就业机会。莫迪政府在寻求第三个任期时面临的主要政策挑战是为印度受教育程度不断提高、有抱负的年轻人创造农业以外的生产性就业机会。

关键词：莫迪政府，经济，废钞令，商品和服务税法案，新冠肺炎大流行

## **I. Introduction**

In the run-up to the Indian General Elections of 2014, one of the rallying cries of the Opposition party at that time, BJP, was “ache din aane wale hain” (good times are coming). The BJP led by Narendra Modi won the 2014 General Elections by an absolute majority, with 282 out of 543 seats. The victory of the BJP in the 2014 elections was followed by a more emphatic one in the 2019 General Elections, with the party winning 303 seats.

Underlying the term “ache din” was the promise of higher standards of living for the majority of India’s citizens. With the BJP now in power at the centre for close to a decade, to what extent has the BJP been able to deliver on its promise of a better economic future for India’s citizens? How has the economy performed during the period 2014–2022? What have been the government’s new economic policies and programmes and how have they fared? What have been the shocks that the Indian economy faced since 2014, what have been their effects and how has the government responded to these shocks?

In this paper, we provide an assessment of the economic performance of the Indian government. In Section II, we examine the government record in its macroeconomic performance. In Section III, we take a look at the government’s policies and “big ticket” welfare programmes. In Section IV, we discuss the two large shocks that hit the Indian economy in the first two terms of the Modi government—demonetiza-

tion and the COVID-19 pandemic. Section V concludes the discussion.

## **II. India’s Macroeconomic Performance in 2014–2022**

In this section, we review the macroeconomic performance of the Indian economy since 2014. We first look at India’s GDP per capita (in PPP dollars) from 1990 (Figure 1). Except for a dip in per capita income in 2020, when economic activity in India as in the rest of the world was curtailed due to the COVID-19 pandemic, the rate of economic growth remained fairly strong in 2021–22 as compared to the pre-2014 period. The growth rate of GDP per capita in 2021–22 was 4.58 percent per annum as compared to 4.90 percent in 2001–2013 and 3.54 percent in 1991–2000. Therefore, even with the setback of the COVID-19 pandemic, India maintained its strong economic performance in the two decades of the 2000s, as compared to previous decades, when economic growth was fairly weak.

We next examine the sectoral performance of the Indian economy in 2014–2022. In Table 1, we provide the sectoral shares of output for different years, in 1950–2022. We do not observe any appreciable change in the sectoral distribution of output in India in 2014–2022. For example, the share of agriculture in total output was 20.9 percent in 2014–15 and 21 percent in 2021–22. Similarly, the share of manufacturing was 17.4 percent in 2014–2021 and 18.4 percent in 2021–22. Sectoral growth

rates in 2014–2022 are not very different from the growth rates observed in 2001–2013 (Table 2). Manufacturing and financial services, the two high productivity sectors, grew at 6.6 and 6.6 percent annually respectively in 2014–2022. In comparison, the same sectors grew at 6.4 and 7.3 percent annually respectively in 2009–2013. Therefore, while there was no increase in economic growth both in the aggregate and sectoral in the Modi period, India’s economic performance in 2014–2022 followed the same trajectory observed in the earlier part of the 2000s.

We now look at India’s saving and investment performance in 2014–2022. In Figure 2, we plot the gross domestic

capital formation, gross fixed capital formation and gross domestic savings as percentages of GDP since 1970. It is clear that there has been a slowdown in savings and investment rates since 2010–2011. The savings and investment (Gross Domestic Capital Formation) rates were 29 and 31 percent in 2022, as compared to highs of 40 and 34 percent respectively in 2010–2011. India’s savings and investment rates still remain high as compared to the rest of the world; however, the slowdown in savings and investment rates observed in the recent period may potentially negatively impact on economic growth in future years.

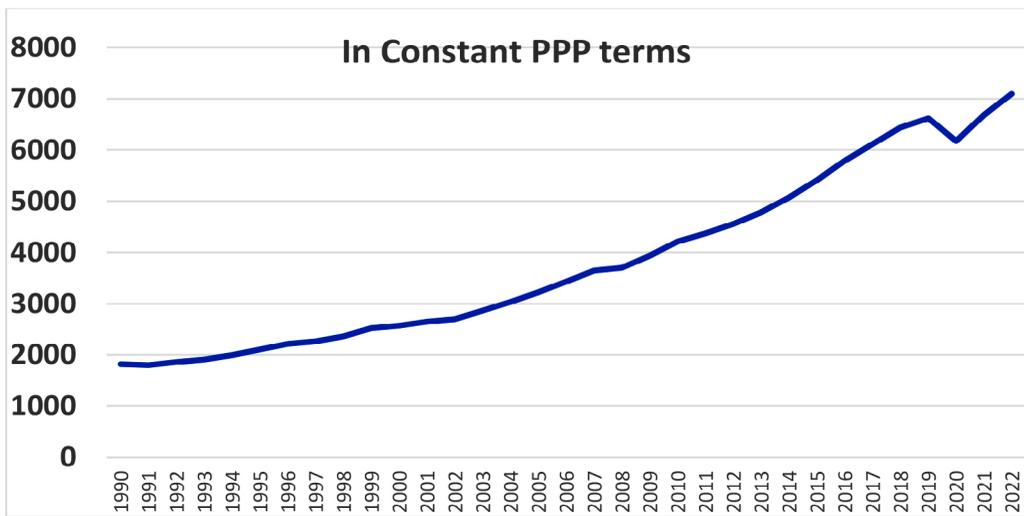


Figure 1. India’s per capita GDP, 1990–2022

Source: World Development Indicators, The World Bank.

**Table 1.** Sectoral Shares of Output, India, 1950–2022 (in percentage)

Year	Agriculture and Mining	Manuf	Cons	Trade, repair, hotels and restaurants	Transport, storage, communication & services related to broadcasting	Financial services, Real estate, ownership of dwelling & professional services	Miscell
1950-51	51.5	11.4	2.9	3.9	2.9	18.0	9.3
1960-61	42.0	14.6	4.3	4.6	3.4	21.0	10.1
1980-81	37.8	18.2	5.3	7.4	4.0	14.4	12.9
1990-91	32.3	18.2	6.3	8.1	5.6	15.5	14.1
2000-01	26.2	17.4	6.8	9.4	7.0	17.5	15.8
2010-11	21.9	18.4	8.9	10.5	6.3	19.0	15.0
2014-15	20.9	16.3	8.5	11.5	6.8	20.5	15.4
2021-22	21.0	15.8	8.1	10.5	6.4	21.5	16.7

Notes: Manuf: Manufacturing; Cons: Construction; Miscell: Miscellaneous.

Source: Our calculations, data from Ministry of Statistics and Programme Implementation, Govt of India, and the Reserve Bank of India.

**Table 2.** Sectoral Growth in Indian Economy, 1950–2021 (Average of annual percentage growth)

Period	Total	Agriculture and Mining	Manufacturing	Cons	Trade, repair, hotels and restaurants	Transport, storage, communication & services related to broadcasting	Financial services, Real estate, ownership of dwelling & professional services	Miscell
1950–1964	4.1	3.1	6.6	6.8	5.6	5.9	2.9	5.1
1965–1979	2.9	1.6	4.1	3.2	4.0	5.6	3.6	4.9
1980–1990	5.6	4.8	5.7	5.5	5.9	5.9	8.2	6.2
1991–1999	5.9	3.3	6.0	4.9	7.7	9.0	8.2	6.8
2000–2008	6.3	2.6	7.7	9.8	7.5	9.2	6.7	6.3
2009–2013	6.3	3.6	6.4	5.8	8.2	8.1	7.3	7.5
2014–2021	5.5	3.5	6.6	4.5	6.0	5.1	6.6	6.0

Notes: Cons: Construction, Miscell: Miscellaneous.

Source: Our calculations, data from Ministry of Statistics and Programme Implementation, Govt of India, and the Reserve Bank of India.

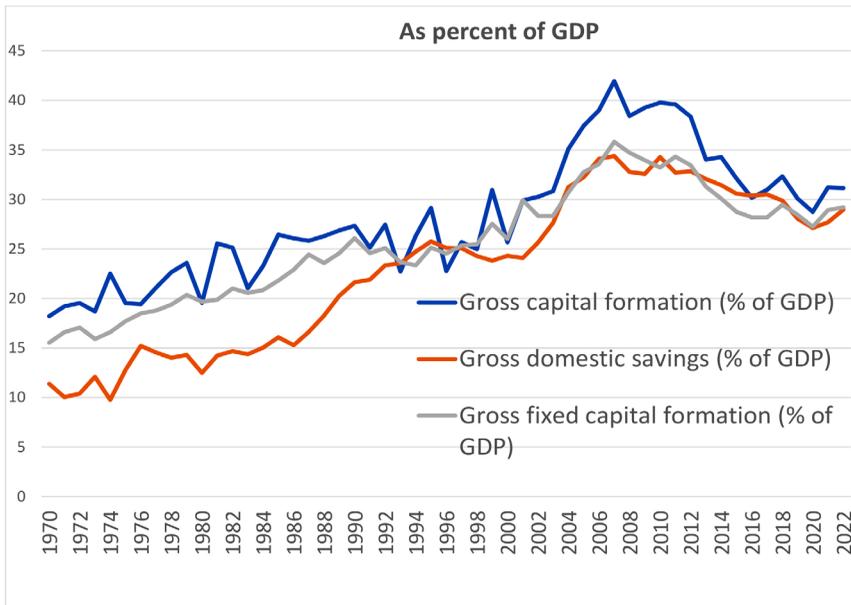


Figure 2. Savings and Investment Rates, India, 1970–2022

Source: World Development Indicators, The World Bank.

### III. The Modi Government’s Economic Policies and Programmes

When the Modi government came to power in 2014, its principal economic objectives were a) robust and rapid economic growth, along with high rates of job creation, and b) the effective delivery of public goods and social welfare programmes to India’s citizens, with the aim of increasing the living standards of the poor and nearly poor population. On the first objective, the iconic programme it launched soon after taking office was the “Make in India” programme. The objective of the Make in India programme was to make India “a global design and manufacturing hub” (Government of India 2015) by improving the business climate of the country.

The main idea was “to develop world class manufacturing infrastructure by encouraging investments, fostering innovation, promoting skill development and strengthening intellectual property protection” (Government of India 2015, 66). A very important part of the Make in India programme was a slew of business-friendly institutional reforms, including simplification of tax procedures, bankruptcy law reforms, and other measures to improve the investment climate. More recently, there has been a gradual re-introduction of certain protectionist measures as well as schemes such as the Production Linked Incentive programme to encourage domestic Indian manufacturing.

By 2017, these initiatives seem to have paid off, leading to a big jump in India’s Doing Business ranking, ris-

ing to the 100<sup>th</sup> spot from the 130<sup>th</sup> spot in 2016. This jump was noted by the World Bank, which pointed out in their 2017 Doing Business report that “India [is] one of the top 10 improvers in this year’s assessment, having implemented reforms in 8 out of 10 Doing Business indicators” (World Bank 2017). By 2020, India’s ease of doing business score had improved from 54.5 points in 2014 to 71.1. However, as Kar et al. (2020) argue, such *de jure* reforms are unlikely to work in an institutional context where *de facto* state-business relations are informal and cronyistic and where states do not have the capacity to regulate capital effectively. Certainly, there is no evidence that the doing business reforms or the more recent protectionist measures led to a large increase in corporate investment and economic growth as we have seen in the previous section.

On the second part of the first key objective, the Modi government has not had much success in creating productive jobs for the large proportion of India’s labour force who are unskilled and poor. The Unemployment Rate rose to 6.18 percent in 2017–2018 before falling to 4.37 percent in 2020–2021 (Padhi et al. 2023). Employment elasticity of organized manufacturing also remained low. Most workers remained in agriculture—Sen (2023a) categorises India as a structurally underdeveloped country, a characteristic that it shares with many low-income Sub-Saharan African countries. There are relatively few workers in formal manufacturing and tradable, services in India, and whichever workers that have managed to move out of agriculture are in low

productivity construction or non-tradable informal services.

The Modi government’s limited success in employment generation came as a surprise, considering its initial aim to revitalize the manufacturing sector through the highly publicized Make in India initiative. The underlying issues in India’s manufacturing challenges are ingrained and cannot be solely attributed to the Modi government’s performance. Rather, they can be connected to India’s failures in promoting labor-intensive industrialization similar to the developments in China and other East Asian nations. As Sen (2008) argues, the nature of the trade regime in India is still biased towards capital-intensive manufacturing—in spite of reforms which have reduced the protection towards the capital goods and intermediate goods sectors. Furthermore, stringent employment protection legislation—among the most protective of formal workers in the world—has reduced the incentive of firms, especially those in the purview of employment protection legislation, to hire workers on permanent contracts and pushed them towards more capital-intensive modes of production than warranted by existing costs of labour relative to capital (Gupta et al. 2008; Saha et al. 2013). Finally, several infrastructural bottlenecks, especially in access to electricity, and other impediments to entrepreneurial growth in small firms, such as high costs of formalization, remain unresolved. This is despite attempts made both by national and state governments to reverse the impacts of a long history of licensing and small-scale reservation policy that

prohibited entry of large scale units in labour intensive industries (Joshi 2010). Admittedly, the lack of productive job creation in India in manufacturing and services is a deep structural problem, persisting for several decades, which so far has remained impervious to change, in spite of the many attempts by national governments in India over the years. Deep structural reforms are needed to unlock the potential of Indian manufacturing to create jobs, including comprehensive reforms of India's factor markets—labour markets, credit markets, and land markets.

The second key objective of the Modi government was to prioritise the delivery of public goods and social welfare programmes in an effective, non-corrupt and transparent manner. Public goods in this case were not only classic public goods such as education and health, but goods that essential but are normally privately provisioned (the former Chief Economic Adviser of the Government of India, Arvind Subramanian, calls it the “New Welfareism”<sup>1</sup>). Several of the programmes that the Modi government prioritised were the continuation of programmes of previous BJP and Congress governments. Examples of these were the massive rural roads construction programme, Pradhan Mantri Gram Sevak Yojana, PMGSY (initiated by the BJP led government in 2000) and the Aadhar card, which was the world's largest biometric card system (initiated by the Congress led government in 2009). The Aadhar rollout, in particular, allowed the national and state governments to distribute direct benefits to the poor,

to their Aadhar-linked bank accounts. It is generally recognised that the leakage of subsidies to the poor, which has been the bane of Indian state's delivery of public programme, lessened considerably after the introduction of Aadhar linked direct benefits schemes. Other programmes of previous governments that were implemented with great zeal by the Modi government were rural electrification, where the proportion of villages electrified went up from 88 percent in 2014 to 99.6 percent in 2020, and financial inclusion to the poor (Pradhan Mantri Jan Dhan Yojana), where account ownership in a financial institution went up from 48.3 percent in 2014 to 71.1 percent in 2020.

There were some new programmes as well that was introduced by the Modi government, such as the *Swachh Bharat Abhiyan (SBA)* or Clean India Mission, which aimed to eliminate open defecation through the construction of toilets for rural and urban households, launched in October 2014 and the *Pradhan Mantri Ujjwala Yojana (PMUY)*, with the objective to make clean cooking fuel such as LPG available to rural and deprived households (who were previously using traditional cooking fuels such as firewood and cow-dung). With regard to the latter scheme, there was success—the share of the population with access to clean fuels and technologies for cooking went up from 48.6 percent in 2014 to 71.1 percent in 2020. On SBA, there was less success—even though 83 percent of Indian households had access to a toilet, open defecation rates remained high at 20 percent.<sup>2</sup>

Rigorous empirical evidence on the efficacy of the delivery of public goods during the two terms of the Modi government is scarce. The exception is PMGSY, where the unique feature of the programme where rural roads were only constructed for villages with populations above a certain threshold (originally 1,000 persons in 2003, which changed over time) allowed for a quasi-experimental empirical design. Asher and Novosad (2020) find that PMGSY facilitated the movement of workers out of agriculture, but that the road construction programme had no major impact on agricultural incomes, assets, and employment. However, Agarwal et al. (2023) underline that the PMGSY resulted in an increase in bank lending, especially directed towards previously excluded communities, with funds allocated to productive endeavours. Consequently, the existing evidence regarding the effects of certain major public goods delivery initiatives under the Modi government appears to be somewhat mixed. A more thorough and systematic analysis of diverse government programs is essential before forming a comprehensive assessment of the government's track record in public goods delivery.

#### **IV. Two Large Shocks to the Indian Economy in the Modi Government's Two Terms in Office**

**T**here were two large negative shocks to the Indian economy, one each in the two terms of the Modi government: the first was policy

induced and the second was due to a global pandemic. We discuss these two shocks in this section.

##### ***Demonetization***

In the first term of the Modi government, there was a major policy experiment in the form of demonetization. In an attempt to stem corruption and counterfeiting, the Indian government made an unexpected announcement on November 8, 2016, declaring it illegal to use 500- and 1,000-rupee notes as legal tender, which represented 86 percent of the cash in circulation. The government also announced the issuance of new 500- and 2,000-rupee notes in exchange for the demonetized banknotes. The aim of the demonetization policy was to deal a death blow to the black economy by reducing the use of illicit cash to fund terrorism and illegal activities. The secondary objective was to create an impetus for the formalisation of economic activity by incentivising the use of credit and debit cards in ordinary transactions instead of cash (see Sen 2023b). It took some time for the government to issue the new bills, which led to a major cash squeeze in the economy.

Demonetization affected the economy by two channels: (a) a fall in an aggregate demand shock due to the reduction in the money supply, with the withdrawal of high value currency notes; and (b) a fall in aggregate supply, due to the shortage of cash in sectors such as agriculture which depend on the availability of liquid funds for the purchase of inputs such as fertiliser and seeds (see Sen 2023b). Chodorow-Re-

ich et al. (2019) provide rigorous causal evidence of the impact of the demonetization episode. They find that districts experiencing more severe demonetization had relative reductions in economic activity, and at the same time, faster adoption of alternative payment technologies. They further find that the demonetization led to a contraction in aggregate employment and output of at least 2 percentage points relative to their counterfactual paths, though the effects die out in a few months. Therefore, demonetization led to a large contraction of the Indian economy, with the annualised rate of growth of GDP per capita falling from 5.47 percent in 2016 to 2.07 percent in 2017. However, economic growth recovered in 2018, at 4.20 percent, so the effects of demonetization on the Indian economy was temporary.

### ***The COVID-19 Pandemic***

Within a year of the Modi government's second term in office, the world experienced a major health and economic shock—the COVID-19 pandemic. The pandemic sent shock waves through the world economy and triggered the largest global economic crisis in more than a century. India reported its first COVID-19 case on 30 January 2020, the same day that the WHO declared a public health emergency of international concern.<sup>3</sup> As Figure 3 makes clear, India experienced two waves of the pandemic—the first wave was from March to September 2020 and the second wave was from April to July 2021. The huge increases in COVID-19 cases and deaths throughout the country was

met by fairly stringent government responses, both at the national and state levels, especially in the first wave. Internationally, its pandemic experience has stood out in terms of the stringency of its national lockdown—imposed with just 3.5 hours' notice on 25 March 2020—as well as the magnitude of its health impact—45 million confirmed cases and 532,000 deaths (as of 16 August 2023) (Kundu et al. 2023). Whether such a strict national lockdown imposed early in the pandemic's trajectory had a sizeable negative effect on the pandemic's spread in the country is a matter of debate, as India also experienced very large increases in COVID-19 mortality rates. From an economic standpoint, there was little doubt that informal workers, who form the bulk of India's workforce, suffered the most, as markets closed and mobility was significantly restricted (Harriss 2020). This was particularly the case in the first COVID-19 wave, with the strict national lockdown in place. Mobility rates for recreational purposes, shopping (groceries) and travelling to workplaces all fell sharply from March to June 2020, and then showed some signs of a recovery (Figure 4). The combined effect of the lockdown and the fear of infection from the spread of the pandemic (which meant that households were reluctant to leave their homes for work and recreational reasons), led to a large downturn in economic activity in 2020 and 2021. From a high of 6.9 percent in 2019, GDP per capita growth was 1.9 percent in 2020 and 2.9 percent in 2021. Using the IMF's data, we find that India had one of the largest declines in economic

growth in 2020 (-5.8 percent), but one of the largest recoveries at 9.1 percent in 2021, among emerging economies. Based on the IMF's forecasts for 2023 (and 2024), India will be one of the fast-growing economies in the world in the medium term (Table 3). Therefore, India witnessed a V shaped recovery, with a sharp downturn followed by a quick recovery.

More systematic evidence on the economic effects of the lockdown measures is provided by Beyer et al. (2023). Using night-light data as a reliable proxy for GDP, they find that from May to July 2020, night-time light intensity was 9.1 percent lower in districts with the most severe restrictions compared with districts with the least severe restrictions, which could imply between 5.8 percent and 6.6 percent lower GDP. They also find that the differences were largest in May during the lockdown and tapered off in June and July.

To what extent can the short-lived effects of the recovery be attributed to the policies of the Modi government during the pandemic period? Part of the reason for the recovery was the fact that the Modi government seemed to have learned from the first national lockdown and avoided such draconian measures in the subsequent waves of the COVID-19 pandemic. The recovery in economic activity can also be attributed to the relative success of India's vaccination programme, as well as the large cash injections that the government provided to the poor through its welfare programmes (expenditures on social services went up from 6.8 percent

of GDP in 2019–2020 to 7.5 percent in 2020–2021 and 8.2 percent in 2021–2022), creating domestic aggregate demand at a time when world demand for India's goods and services had been disrupted due to the pandemic.

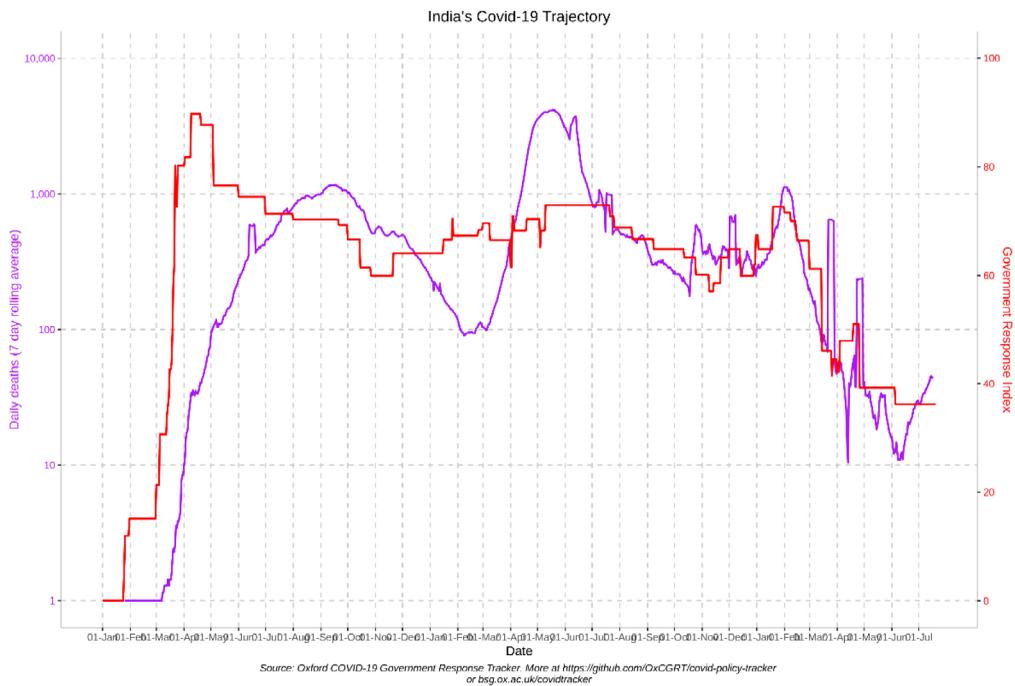
## V. Conclusions

In this article, we assessed the economic performance of the Indian economy during the first and second terms of the Modi government.<sup>4</sup> We noted that macroeconomic performance in terms of aggregate and sectoral growth has remained robust, with India being one of the fastest growing emerging economies in the world. In the Modi government's first term, the Indian government introduced a big policy experiment, demonetization, which led to a sharp downturn to the Indian economy. In the second term, the COVID-19 pandemic adversely affected the Indian economy, as the governments both at the centre and at the state level brought in stringent containment measures. Unlike demonetization, this particular large-scale shock was largely exogenous. However, the recovery from the pandemic shock has been swift, and India's economic growth has rebounded to what it was before the pandemic. Since 2014, the Modi government has brought in a range of new policies and public programmes, with an emphasis on public goods delivery more than social welfare provision. While the empirical evidence on the actual impact of the programmes on the livelihoods of the median citizen remains scarce, it can be argued that the delivery of these

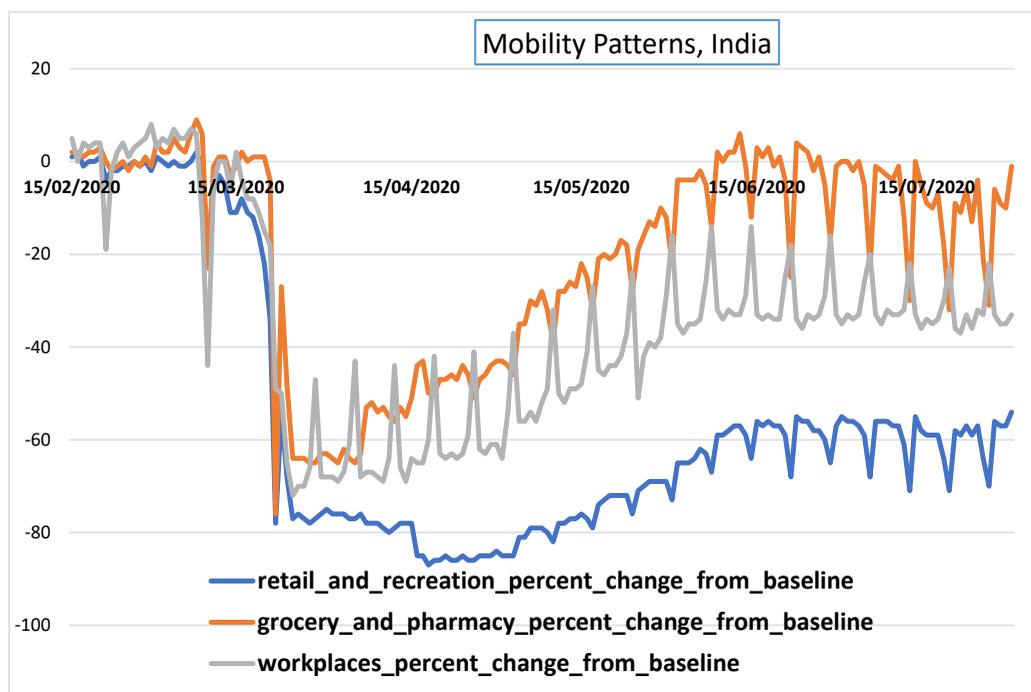
programmes as well as direct benefits transfers to the poor has been largely well implemented.

Some economic challenges remain for the Modi government in the run-up to the 2024 General Elections. Unemployment and under-employment remain stubbornly persistent, in spite of the Modi Government’s attempts to kickstart the manufacturing sector. Economic growth has not accelerated to the extent that was promised by the BJP in its election campaigning in 2014—in other words, “ache din”

(good times) has not yet arrived in India. For the Modi government, the key policy challenge it has to address as it seeks a third term in office is to create productive jobs outside agriculture for India for the country’s increasingly educated and aspirational youth. For this, it may be necessary to implement “mass politics” reforms (Varshney 1998) — that is, deep structural reforms to India’s factor markets—that both the current BJP government and previous BJP and Congress governments have avoided so far, due to the potential political fallout from these reforms.



**Figure 3.** India’s COVID-19 trajectory, Daily Deaths, and Government Response  
 Source: Oxford COVID-19 Government Response Tracker.



**Figure 4.** Mobility Patterns during the First COVID-19 Wave

Source: Our calculations, data from Google Global Mobility Report.

**Table 3.** India's and the Rest of the World's Economic Performance, 2020–2023 (Real GDP, annual percentage change)

Country/Region	2020	2021	2022	2023 (projection)
India	-5.8	9.1	7.2	6.1
China	2.2	8.4	3.0	5.3
Emerging Market and Developing Economies	-1.8	6.9	4.0	4.0
Advanced Market Economies	-4.2	5.6	2.7	1.5

Source: IMF World Economic Outlook, July 2023.

## Endnotes

- 1 See [https://ashoka.edu.in/static/doc\\_uploads/file\\_1608617954.pdf](https://ashoka.edu.in/static/doc_uploads/file_1608617954.pdf).
- 2 See <https://thewire.in/government/nearly-one-in-five-households-in-india-practise-open-defecation-nfhs-5-data>.
- 3 See [https://www.who.int/publications/m/item/covid-19-public-health-emergency-of-international-concern-\(pheic\)-global-research-and-innovation-forum#:~:text=On%2030%20January%202020%20following,of%20International%20Concern%20\(PHEIC\)](https://www.who.int/publications/m/item/covid-19-public-health-emergency-of-international-concern-(pheic)-global-research-and-innovation-forum#:~:text=On%2030%20January%202020%20following,of%20International%20Concern%20(PHEIC)).
- 4 At the time of writing this article, approximately five months remained in the second term of the Modi government.

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# **A Trojan Horse for Unrestrained Power? Due Process and Article 22 of the Constitution of India**

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## ABSTRACT

The Constitution of India is one of very few that explicitly permits preventive detention. It does this through Article 22, on “Protection against arrest and detention in certain cases.” This has functioned as a kind of a Trojan Horse in the Constitution, serving in the way in which it has been interpreted, even if not in its original intention, to extend executive power, and helping to create a permanent state of exception in which the fundamental rights of Indian citizens are ridden over roughshod. The paper examines recent writings on the Constitution to show how they shed light on the origins of Article 22 in the controversy over whether the right to life and liberty specified in Article 21 should be subject to due process of law, and on its implications—most recently in the passage of three new acts concerning the criminal justice system that significantly extend police power.

*Keywords:* Constitution of India, fundamental rights, preventive detention, due process of law, state of exception

## **¿Un caballo de Troya para un poder esenfrenado? Debido proceso y artículo 22 de la Constitución de la India**

### RESUMEN

La Constitución de la India es una de las pocas que permite explícitamente la prisión preventiva. Lo hace a través del artículo 22, sobre “Protección contra el arresto y la detención en determinados casos”. Esto ha funcionado como una especie de caballo de Troya en la Constitución, sirviendo en la forma en que ha sido interpretada, aunque no en su intención original, para ampliar el poder ejecutivo, y ayudando a crear un estado de excepción permanente en el que los derechos fundamentales de los ciudadanos indios son pisoteados. El artículo examina escritos recientes sobre la Consti-

tución para mostrar cómo arrojan luz sobre los orígenes del Artículo 22 en la controversia sobre si el derecho a la vida y la libertad especificado en el Artículo 21 debe estar sujeto al debido proceso legal, y sobre sus implicaciones—la mayoría recientemente en la aprobación de tres nuevas leyes relativas al sistema de justicia penal que amplían significativamente el poder de la policía.

**Palabras clave:** Constitución de la India, derechos fundamentales, prisión preventiva, debido proceso legal, estado de excepción

## 不受限权力的特洛伊木马？正当程序和印度宪法第22条

### 摘要

印度宪法是极少数明确允许预防性拘留的宪法之一。它通过宪法第22条“在某些情况下防止逮捕和拘留”来做到这一点。这在宪法中起到了一种特洛伊木马的作用，发挥了其被诠释的作用（即使诠释不是其原意），以期扩大行政权力，并有助于创造一种永久的例外状态，在这种状态下，印度公民的基本权利遭到践踏。本文分析了关于印度宪法的近期著作，以展示其如何在关于“第21条规定的生命权和自由权是否应接受正当法律程序”的争论中阐明第22条的起源，及其影响——最近通过了三项有关刑事司法系统的新法案，显著扩展了警察的权力。

关键词：印度宪法，基本权利，预防性拘留，正当法律程序，例外状态

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*Ultimately the story of due process and liberty in the Constituent Assembly was the story of preventive detention*

— Granville Austin (1966, 102)

The Trojan Horse was the device whereby the Greeks, in the ancient world, managed to get inside the well-defended city of Troy and then to destroy it. The argument of this essay is that Article 22 of the Constitution of India can be seen as a kind of a Trojan Horse, introduced into the Constitution at more or less the last moment, and containing within itself—in the way in which it has been interpreted, even if not in its original intention—a

vehicle for ensuring the supremacy of the executive and eventually for the creation of a permanent state of exception in which the fundamental rights of Indian citizens are ridden over roughshod.<sup>1</sup> The result has been that India has come ever closer to slipping into “the abyss of unrestrained power,” feared by a Chief Justice of India, Yeshwant Vishnu Chandrachud.<sup>2</sup>

Article 22 (summarised in the Appendix) is entitled “Protection against arrest and detention in certain cases,” and in its first two clauses, taken almost verbatim from the Criminal Procedure Code of the colonial government of India, it does indeed set out provisions for the protection of civil liberty—the right of a detenu to be informed about the grounds for arrest, the rights to legal counsel, and to being produced before a magistrate within twenty four hours. The Article goes on to say, however, that nothing in the first two clauses applies to a person detained under “any law providing for preventive detention.” It then proceeds to specify various guidelines for such preventive detention that in their wording provide a great deal of latitude for the exercise of executive power. The 44<sup>th</sup> Amendment Act of 1978, passed in the aftermath of the Emergency regime of Indira Gandhi, included revisions of Article 22 intended to provide for stronger safeguards in cases of preventive detention—but these provisions have still not been notified after more than 40 years. Successive governments of different persuasions have proven unwilling to give up the powers that Article 22 allows them—and certainly

not the government of Narendra Modi. The three Criminal Justice Acts signed by the President of India on December 25, 2023, in their provisions, make significant use of these powers, as I discuss in the conclusion of this paper.

The Constitution of India is unusual in providing explicitly for preventive detention and supplying constitutional authority for the executive to exercise scarcely constrained powers to detain citizens for extended periods, so limiting the right to life and liberty promised in Article 21. The origins of Article 22 lie in one of the most fiercely debated questions taken up by the Constituent Assembly—that of whether or not the right to life and liberty should be made subject to “due process of law.” What became Article 22 was introduced in an effort to compensate for what was seen by Ambedkar and others as a limitation of Article 21—perhaps even a “mistake” in its phrasing, though Ambedkar himself did not use this word—when the Assembly agreed *not* to make it subject to “due process.”

The fear that Granville Austin expressed in his classic study of the Constitution, that “The authority given to the Government of India [by Article 22] is a potential danger to liberty”<sup>3</sup> (Austin 1966, 113)—has unfortunately proven more than amply justified, as Austin himself argued in his later study of the “working” of the Constitution (Austin 1999, 507–15). Though there are grounds, persuasively set out by Gautam Bhatia in his book *The Transformative Constitution* (Bhatia 2019, 287–93), for interpreting Article 22 dif-

ferently, and more positively than Austin did, Bhatia himself is fiercely critical of what he calls the “preventive detention regime” that has, in effect, been legitimised by the Article. With the legal scholar Abhinav Sekhri, we have to ask, “If Article 22 sought to restrict the use of preventive detention, then why has it failed so miserably in achieving the result?” (Sekhri 2020, 179). The points at issue here are ones of great importance for those of us who are interested in the history of democracy in India, and who are concerned about its erosion.

This essay examines several recently published books and articles for the light that they shed on the debate over “due process,” on the origins of Article 22, and on its implications. In addition to the work of Bhatia and Sekhri, I refer to an important part of the argument of Madhav Khosla’s book, *India’s Founding Moment: The Constitution of a Most Surprising Democracy* (2020), and most extensively to Rohan Alva’s study, *Liberty After Freedom: A History of Article 21, Due Process and the Constitution of India* (2022). Alva’s focus is close to my own, though we finally reach different conclusions. Throughout, I refer to Granville Austin’s classic work on the Constitution as a kind of a benchmark.

### **A Narrative History of Due Process and Articles 21 and 22**

**W**hat I take to be the accepted narrative about due process and Articles 21 and 22 of the Constitution of India, is that of Granville Austin. The story is retold in

gripping detail by Rohan Alva, a counsel practising in the Supreme Court of India, in his book *Liberty After Freedom* (2022). Citing a Supreme Court judgement of 2018, Alva also sheds further light on parts of the story, as well as bringing it up to date. Whereas at the time the Constitution was introduced, he says, Article 21 was widely considered unworthy of being labelled a fundamental right, it is today considered by the Supreme Court to be the “Ark of the Covenant so far as the Fundamental Rights Chapter of the Constitution is concerned” (Alva 2022, 9).

As Austin argues, a crucial decision in India—as in every other country that has a written constitution—had to do with what the rights to life, liberty and property of individual citizens should be, and how far they had to be limited in the interests of society as a whole (Austin 1966, 84). Those who framed the Constitution referred quite frequently to the Constitution of the United States, and as regards the decision about the balance between individual rights and the demands of pressing problems of social reform and security, the words of the Fifth Amendment to the American Constitution, “... nor shall any person ... be deprived of life, liberty, or property without due process of law,” were initially taken over verbatim. The aim of Alva’s book is to answer the question of how it came about that “the Constituent Assembly came to disavow making any reference to ‘due process’ in the Constitution [so that Article 21] rather than operating as a bulwark against the state ... opened the gates for life and personal liberty to suffer all

forms of deprivation with legal backing” (Alva 2022, 12). But what do the words “due process of law” mean?

This question came up at a meeting of the Advisory Committee (of the Constituent Assembly) on April 21, 1947, in the course of discussion of the Draft Report of the Fundamental Rights Sub-Committee,<sup>4</sup> when Pandit G. B. Pant, the prime minister of the United Provinces, argued that due process should be understood as referring only to legal procedure. But his argument was quickly countered by the noted Tamil lawyer, Alladi Krishnaswamy Ayyar, a key member both of the Sub-Committee and of the Drafting Committee, who said that “the aim of due process is to limit legislative power,” while recognising that this might call into question, for example, the tenancy legislation that was then being introduced, and that much would depend on the individual views of judges. This opinion drew a swift response from Pant. The future of the country should be determined by “the collective wisdom of the representatives of the people” and must not be subject to the ideas of a few judges. “To fetter the discretion of the Legislature,” he said, “would lead to anarchy” (Austin 1966, 85; quoted in Alva 2022). As Dr Ambedkar was to say later, in the Constituent Assembly, fundamentally what was involved in the difference of view was “the question of the relationship between the legislature and the judiciary” (CAD 13 Dec. 1948).

The exchange between Ayyar and Pant, which anticipated later, heated debates in the Constituent Assem-

bly, clearly reflected different understandings of “due process.” These are discussed by Madhav Khosla in *India’s Founding Moment* (2020, Ch. 1). What was at stake was whether the language of Article 21 concerning the right to life and liberty (and only in its early stages the right to property<sup>5</sup>), should invoke what is called “procedural due process” or “substantive due process.” The former refers to the power of the courts to review an action of the state and to examine whether it conforms to the statute that applies. Is the procedure required by the law being followed? In Khosla’s example, if the law requires that the police hold a search warrant before entering a property, has this requirement been satisfied? “Substantive due process,” however, which is what the language used—following the Fifth Amendment—in the *Interim Report of the Sub-Committee on Fundamental Rights* implies, means that the courts have the power to consider the validity of the legislative enactment itself (the “substantive law,” not just its procedural requirements). Is the law itself fair, just, and reasonable, or does it—in itself—violate the right to life and personal liberty? There is, clearly, a big difference between the two ideas of due process, and this is what was at issue in the deliberations of the Drafting Committee and then in the controversy that took place in the Constituent Assembly over the Draft Constitution. In the end, the language that appears in Article 21, in which the right to life and liberty is subject “to procedure established by law,” represents “procedural due process.”<sup>6</sup> This meant, Alva argues, “that no

matter how unconscionable the procedure and how odious the ends it hoped to attain, the fact that a law had been enacted conferred complete immunity on the state” (Alva 2022, 12).

Khosla’s discussion of the implications of the disagreements about due process is in the context of his argument about the importance of what he calls “codification” in the Constitution. The Constitution was envisaged by its framers, he argues, as an instrument of political education. It was to be the means of building a new civic culture, in a society ordered historically by norms and rules of hierarchy. To this end it was important to “create common meanings around democratic principles where few such meanings existed.” (Khosla 2020, 28). Khosla argues, therefore, that the critical concern on the part of the framers when it came to the formulation of Article 21 was to avoid uncertainty or inconsistency. The experience in the United States showed, according to Alladi Krishnaswamy Ayyar—whose radical change of views about due process was probably a crucial influence on the decision eventually taken in the Constituent Assembly—that substantive due process could give a lot of power to a few judges whose decisions were influenced by ideology, leading to lack of consistency in due process.<sup>7</sup> It was this concern Khosla thinks, that accounted for the clause chosen by the Assembly, that the right to life and liberty should be protected only by procedural due process, rather than—as others, including Granville Austin, think—a preference for state power. This argument finds some sup-

port in Alva’s account. He argues that B. N. Rau, the Constitutional Adviser, and a key figure in the narrative,<sup>8</sup> believed that the protection of the fundamental rights required that they should not be defined at a broad level of generality: “For Rau rights must not be structured in a manner that results in courts trying constantly to divine [their] meaning ...” (Alva 2022, 93).

The importance of due process first came up in the Constituent Assembly on December 17, 1946, when Dr Ambedkar was invited to speak by the President of the Assembly. In his remarks Ambedkar expressed his surprise that the *Resolution on Aims and Objects*, that was under discussion, appeared to offer no remedies to citizens in the event that their rights were invaded by the state: “Even the usual formula that no man’s life, liberty and property shall be taken away without due process of law, finds no place ....” Thereafter, in the initial discussions of the Sub-Committee on Fundamental Rights, and in its Interim Report, presented to the Constituent Assembly in April 1947, the reference to due process went more or less without question. What happened after this, so that by the time the First Reading of the Draft Constitution took place, from November 4, 1948, the wording of the relevant article (Article 15 at this stage) had been changed from “due process of law” to “procedure established by law,” is not entirely clear.

It is well known that B. N. Rau, though he continued to refer to “due process of law” in the relevant article (Clause 16 of Chapter II) of the Draft Constitution that he had drawn up by

October 1947, was unhappy about the possibility that it could lead to the court invalidating laws with a public welfare goal if they encroached on individual liberty. It was for this reason that he introduced the qualifying term “personal,” in connection with liberty, in his Draft, to guard (as he explained in a note) against the possibility that the right to liberty could be applied, for example, to strike down price-controls as conflicting with freedom of contract. It was after the publication of his Draft that Rau travelled to the United States, and his meetings in particular with a judge of the Supreme Court, Felix Frankfurter, seem to have convinced him that due process could have outcomes that are undemocratic, when a few judges veto legislation passed by representatives of the nation, and also be burdensome to the judiciary, because of leading to constant dispute (the fears subsequently articulated by Alladi Krishnaswamy Ayyar in the Constituent Assembly [CAD 6 Dec. 1948]). Austin reports that “It was Rau’s enthusiastic espousal of Frankfurter’s views that originally caused the Drafting Committee to reconsider the issue [of due process]” (Austin 1966, 104). What happened subsequently in the Drafting Committee is unclear, though Austin’s enquiries led him to think that it was A. K. Ayyar’s change of view that caused the Committee to accept Rau’s proposal to use the phrase “according to the procedure established by law”—supplying only procedural safeguards but having a clarity that would be lacking if “due process” were to be used (in line with Khosla’s later argument).

Alva qualifies Austin’s account, though questions still remain. He examines B. N. Rau’s role very closely, concluding—*contra* Austin—that Frankfurter and the other American lawyers whom he met, did not in the end persuade Rau to abandon due process altogether: “Rau was not opposed to due process in its entirety and this meant that substantive due process could be pressed into service in all of those situations in which state action was for a purpose *other than public welfare*” (Alva 2022, 118, my emphasis). But Rau’s efforts to introduce a limiting principle so that the due process guarantee would not affect laws promoting public welfare were not accepted in the Drafting Committee. Austin speculated that it was Rau, after his amendments failed to win acceptance, who was responsible for the change in the wording of what was eventually to become Article 21. This view was based on the recollections of K. M. Munshi. Alva, however, thinks that this doesn’t correspond at all well with the evidence on Rau’s “consistent stand on retaining some form of due process protection in the Constitution” (Alva 2022, 146). He does not disagree, however, with Austin’s conclusion that it was probably Alladi Krishnaswamy Ayyar who changed his views so that the decision of the Drafting Committee swung against due process, and like Austin he thinks that the context of the violence that followed Partition, coupled with Gandhi’s assassination, played an important part in this decision. The fear that due process would stand in the way of efforts at curbing the violence that India was witnessing may

well have been decisive—rather than detailed legal argument. This interpretation is perhaps borne out, not only by statements that were made by members of the Constituent Assembly, but also by the inadequacies of the explanations provided in the notes to the Draft Constitution for the change in the wording of its Article 15. As Alva argues, the reasons presented are flimsy and inadequate (Alva 2022, Ch. 3). This tends to support the broader argument in his book against an “originalist” reading of Article 21, or indeed of the Constitution as a whole, given the circumstances of their creation—not least that the Drafting Committee necessarily took a good many important decisions with few members present (a point that was recognised in the course of debates in the Constituent Assembly).<sup>9</sup>

When the discussion of the article (then Article 15) of the Draft Constitution on the right to life and liberty at last came up in the Constituent Assembly on December 6, 1948, it was greeted with dismay by many members. Kazi Syed Karimuddin led the critical charge with an amendment proposing the restoration of the original language of “due process.” This, and similar amendments, were supported by a good many others, including K. M. Munshi, of the Drafting Committee—and one of the most influential members of the Assembly—who argued that Article 15, as it stood:

would only have meaning if the courts could examine not merely that the conviction has been according to law or according to

proper procedure, but that the procedure as well as the substantive part of the law are such as would be proper and justified by the circumstances of the case. We want to set up a democracy; the House has said it over and over again; and the essence of democracy is that a balance must be struck between individual liberty on the one hand and social control on the other. We must not forget that the majority in a legislature is more anxious to establish social control than to serve individual liberty. Some scheme therefore must be devised to adjust the needs of individual liberty and the demands of social control. (CAD, 6 Dec. 1948)

Speakers forcefully expressed their fears that the draft Article 15 would allow government to detain and jail people without giving them a fair and open hearing, or the chance to prove their innocence, simply by passing a law to that effect, that could not be questioned by the Supreme Court. In summing up—after a postponement that may have won him time to reach a compromise with critics in the Assembly—Ambedkar referred to the dangers posed on the one hand, by a legislature “packed with party men” bent on abrogating fundamental rights, and on the other by a situation in which “five or six gentlemen sitting in the Federal or Supreme Court [are] trusted to determine which law is good and which law is bad” (CAD 13 Dec. 1948). He left it to the house to decide between the two,

and the outcome was that Article 15 was accepted, with its language of “procedure established by law” inclining to the authority of the legislature.

But this was not the end of the matter. Ambedkar came back to the Constituent Assembly in September 1949, referring to the controversy over the wording of Article 15, both in the Assembly and outside. “No part of our Draft Constitution has been so violently criticized by the public,” he said, and he expressed his own unhappiness with it: “... we were giving a *carte blanche* to Parliament to make and provide for the arrest of any person under any circumstances as Parliament may think fit” (CAD 15 Sept. 1949). It was for this reason, he explained, that he now introduced Article 15-A—which eventually became Article 22—and that brought into the Constitution provisions from the Criminal Procedure Code intended to provide protections for detenus. He argued that the proposed Article provided for the substance of the law of due process, even without using these words, and that it represented “compensation for what was done ... in passing Article 15” (CAD 15 Sept. 1949). While conceding that it might not satisfy “enthusiasts for personal liberty”—Ambedkar expressed himself “satisfied that the provisions are sufficient against arbitrary or illegal arrests” (CAD 15 Sept. 1949). He also referred to the “present circumstances of the country” that justified the government’s having some powers of preventive detention. Granville Austin argues that the Assembly’s reaction “was, in general, favourable” (Austin 1966, 111). Yet the

records of the debate show that Ambedkar’s assurances were not accepted by many members of the Assembly, who continued to argue for “due process.”<sup>10</sup> Sekhri perhaps more accurately reflects the tenor of the prolonged debate when he writes: “To say that these proposals received flak from members of the Assembly would be an understatement” (Sekhri 2020, 178). In the end, however, at this stage, only amendments that Ambedkar himself proposed were adopted, and 15-A was passed.

Yet the Assembly was still not done with the issues raised by the phrasing of what was to become Article 21, and the response to them in Article 22. Two months later, just ten days before the Constituent Assembly concluded its work, an amendment was moved to 15-A, and soon accepted, that embodied the views of Sardar Patel’s Home Ministry—concerned, Austin records—that 15-A threatened to hamper its police activities. The effect, in Austin’s view, was to reduce the authority of the courts and to reassert the powers of Parliament to detain people with much less protection provided by the judiciary than had been intended by Ambedkar in the new article. Article 22 effectively excludes preventive detention cases from direct judicial scrutiny. Thus it came about, as Sekhri argues, that the Indian Constitution includes—puzzling though it may seem—a clause among the Fundamental Rights that effectively “offers a guide to legislatures on how to pass laws that allow for preventive detention” (Sekhri 2020, 176). Little was left of the protection that due process would have provided for personal freedom, and Austin

concludes his account of these events by saying that though Assembly members had resisted it, “in the end they had pinned their faith upon the mercy of the Legislature and the good character of their leaders” (Austin 1966, 112). Both Abhinav Sekhri and another legal scholar and practicing lawyer, Gautam Bhatia, contend that Article 22 was intended to *prevent* excesses on the part of the legislature, or as Bhatia puts it, “close reading of the Constituent Assembly debates suggests that Article 22 was not an *authorizing* provision, but a *saving* provision” (Bhatia 2019, 289, original emphasis). But both also show that in the way Article 22 has been interpreted it has served to legitimize rather than to curb the use of the power of preventive detention (Sekhri 2020, 180-181).

Subsequently, under the first Preventive Detention Act, passed in haste in February 1950, only 30 days after the promulgation of the Constitution, the courts were forbidden from questioning the necessity for any detention order. The Act was tested in the case of the communist leader, A. K. Gopalan who, having been in detention since December 1947, was further detained by the Government of Madras under the Preventive Detention Act. Gopalan made a number of claims against the Madras Government, including the claim that the provisions of the Act violated Article 22 of the Constitution. The judgement of a bench of the Supreme Court, however, upheld the legislation and the powers of the government under Article 22—lending authority, for years to come, to the view that laws on preven-

tive detention were subject only to the tests of article 22, and not the other fundamental rights. Article 22 was held—though only by the Attorney General and one of the judges in the Gopalan case, not by a majority, as was claimed in the Court on later occasions—to be a “complete code.” In other words, the legality of preventive detention laws is limited to being tested only against Article 22, and not against other fundamental rights (Sekhri 2016). The fundamental rights are to be read separately (they are, as it were, in “silos”). Austin summed up all these developments in his anxious words, “The authority thus given to the Government of India is a potential danger to liberty” (Austin 1966, 113)—though he went on to say that this authority, so far, had been used with restraint. The faith in the Legislature and in the leadership reflected in the deliberations of the Constituent Assembly seemed to have been justified. But what has happened over the longer run?

Rohan Alva’s argument about what has happened since the inauguration of the Constitution, touched on his Prologue and then adumbrated in the Epilogue, is that thanks to the judgements of the Supreme Court, first in the case of *R. C. Cooper v. Government of India* (1970), when the bench passed a judgement resting on the view that rights form a whole and have to be read together (they are not in “silos,” as had been interpreted in *Gopalan*), and then in the celebrated case of *Maneka Gandhi v. Union of India* 1978, the interpretation of Article 21 has been radically changed. “Personal liberty” has come to

be regarded as a phrase of “widest amplitude,” connoting “a variety of rights which go on to constitute personal liberty”; and the phrase “procedure established by law” has come to be interpreted “to mean not just an enacted law but a law which was ‘not arbitrary, fanciful or oppressive; otherwise it would be no procedure at all and the requirement of Article 21 would not be satisfied’” (Alva, 2022, 332). Alva sums up by referring to Justice Krishna Iyer, whom he describes as one of the greatest Supreme Court judges. Krishna Iyer noted in a judgement reached soon afterwards “that although the Indian Constitution did not enumerate a due process guarantee, after the decision in *Maneka Gandhi*, due process guarantees were for all intents and purposes recognized by the Constitution” (Alva, 2022, 335, citing Krishna Iyer). Alva thus ends his version of the story on a celebratory note—though his view is not one that is shared by all legal scholars.<sup>11</sup>

## **The Preventive Detention Regime**

**A**lva’s note of celebration is also difficult to reconcile with the history of preventive detention that Upendra Baxi, cited by Gautam Bhatia, once described as a distinct legal regime, parallel to the criminal justice system. The latter is “characterized by elements of due process, personal rights and rigorous judicial review of State power,” but “these features [are] absent in a parallel ‘preventive detention system’” (Bhatia 2019, 255). The authority given to the Government of

India to which Granville Austin refers, has not been used with the restraint that Austin thought he had observed up to the early 1960s.

The Preventive Detention Act 1950 was extended several times before it finally expired in 1969—to be replaced by a series of further acts of Parliament providing for preventive detention. A standard justification, in the words of a Congress Parliamentary Party pamphlet, was that public order comes first, “then all endeavours to promote social welfare are possible and practicable.” Legislation under Article 22 became progressively more stringent, and was reinforced during the national emergencies of 1962, when India fought with China, and of 1971, in the conflict with Pakistan. The Indira Gandhi government also passed the Maintenance of Internal Security Act (MISA) in 1971. Based on the Preventive Detention Act, MISA allowed for the indefinite preventive detention of individuals, search and seizure of property without warrants, and for wiretapping, with the stated objective of the quelling of disorder and meeting external threats to national security. The Act was used, infamously, during the Emergency to justify the arrests of political opponents, and many thousands of people were detained for long periods.

The Janata government, that took office in 1977, had pledged the repeal of MISA, and did so in 1978, when it also passed the 44th Amendment that was supposed to provide for safeguards against a recurrence of the Emergency. Of particular significance were the safeguards added to Article 22 to tackle

what the law minister of the time called the “evil” of preventive detention. The Janata government, however, even after drawing up the 44<sup>th</sup> Amendment, argued for the value of the instrument of preventive detention in countering economic offences (such as black marketing), as well as in protecting national security. The relevant section 3 of the 44<sup>th</sup> Amendment, making for independent judicial review of preventive detention orders, has still not been enforced, more than 40 years after its passage in 1978. Successive governments have failed to bring the amendment of Article 22 into force, as an open letter submitted in 2021 by one hundred former civil servants to the law minister, pointed out. They asked that it be “notified” (enforced), in the context of what the signatories of the letter described as “brazen abuse of preventive detention laws in gross violation of human rights.”<sup>12</sup>

Contemporary legal scholars’ criticisms of the legislation on preventive detention amply justify the concerns that Austin expressed. Though Sardar Patel spoke in Parliament of his personal anguish over the need for the 1950 Act, why then, Abhinav Sekhri asks, “if the anguish was real,” should it have been necessary to “craft a statute that treated persons in independent India worse than what the colonial regime had done?” (Sekhri 2020, 181). He points out—among other criticisms—that the Preventive Detention Act reduced the level of scrutiny required to regulate executive officers’ use of the power from that which had prevailed under the colonial state, by excluding

the word “reasonable” as a test. It further limited the scope for independent judicial review, and provided fewer rights to detained persons than did existing provincial laws of colonial India, or than had obtained in wartime Britain, including proscribing any court from allowing discussion of either the grounds of detention or the hearing before the Advisory Board. Article 22, as Sekhri and Bhatia have argued, has served in practice, thanks to constitutional jurisprudence, to authorise rather than to limit the use of the power of preventive detention (Bhatia 2019, 294-95, on the flaws in the way Article 22 has interpreted; Sekhri 2020, 180-81). Sekhri goes on to discuss the extent of “judicial abnegation,” with the Supreme Court’s repeated acceptance of the logic of limited judicial review, as in judgments relating to the National Security Act 1980—which has been widely criticized as an instrument for repression of fundamental rights (Austin 1999, 508-9). While he refers, like Alva, to the way in which *Maneka Gandhi* is seen as having, in effect, recognized due process, he also notes that the opinion of Chief Justice Beg in this case was that due process in the context of preventive detention meant nothing more than what Article 22 guarantees. The burden of Sekhri’s argument is that there is a strong case for the deletion of Article 22 (though surely not for the protections provided in clauses (1) and (2) of the Article—Sekhri perhaps overstates his case and the objective that he seeks might be better served by the notification of section 3 of the 44<sup>th</sup> Amendment).

Gautam Bhatia holds that Article 22, no matter what its original intention, and the arguments from *Cooper* against reading the fundamental rights separately from each other notwithstanding, has been interpreted effectively to insulate preventive detention from the rest of the Fundamental Rights. He concludes, “The preventive detention regime is our first, judicially sanctioned state of exception” —using the term first suggested by the German jurist Carl Schmitt, when he wrote “Sovereign is he who decides the state of exception”: the “sovereign” can suspend civil liberties in the name, supposedly, of the public good. This is exactly what has happened in India’s preventive detention regime, and it has been sanctioned by the courts, which have upheld executive supremacy and “judicial abnegation” (or deference). There has been, Bhatia claims, “an almost overwhelming trend in Indian constitutional jurisprudence: the courts’ willingness to uphold and endorse laws that curtail civil liberties by citing exceptional situations” (Bhatia 2019, 253). Court judgements have had the effect of normalizing the “state of exception,” and of endorsing the establishment of “a permanent state of emergency.”

Preventive detention may have been the first judicially sanctioned state of exception, but the Constitution also allows, of course, for the President to declare a state of Emergency, as happened in 1975, and elements of it “have been repeated in a slew of ‘anti-terrorism laws’<sup>13</sup> and have been upheld by the Court” (Bhatia 2019, 267). What Bhatia argues is that the idea that India is sub-

ject to a whole range of threats from terrorism—from Pakistan, from Muslims in general, from Khalistanis, and increasingly, from all those who question in any way the authority of the present regime—has become so generally accepted that a permanent state of emergency now seems perfectly normal. The Supreme Court has participated in this logic. Its upholding of the terror statutes has followed a pattern, beginning with the construction of an uncontested narrative that justifies the idea of the existence of state of exception. Then, the “vesting of concentrated power in the hands of the executive, through clear departures from established rules of criminal law and criminal procedure, is justified by referring back to the state of exception.” There is no judicial challenge to the idea of the state of exception. Bhatia writes, “the Court effectively requires that the Constitution be moulded and modified so that it fits with the demands and requirements of the state of exception,” rather than seeking to bound the “drastic provisions,” of a law such as the UAPA, by referring them to the fundamental rights. The “state of exception” has “woven itself so intimately into the fabric of the constitutional cloth,” Bhatia thinks, “that it is no longer clear what is normal and what is the exception” (quoted in Bhatia 2019, 276).

The significance of the case of *Jyoti Chorge v. State of Maharashtra* (2012) for Bhatia is that the ruling of Justice Abhay Thipsay in the case involved a systematic repudiation of the logic of the state of exception. The case concerned two members of a troupe of

players who had used music and poetry to fight social injustice, and who were accused of being members of the proscribed Communist Party of India (Maoist)—of being “Naxalites.” Their case involved a plea for bail after they had already spent eighteen months in jail under UAPA. Thipsay argued that because of the “drastic provisions” of UAPA, the concept of “membership” needed to be interpreted in the light of Article 19 of the Constitution (on “Protection of certain rights regarding freedom of speech, etc.”), and, doing this, he rejected the grounds that the prosecution offered to substantiate the claim that the two were “members” of the CPI (Maoist). The argument of the prosecution was that there is a threat to the nation from the CPI (Maoist), and that evidence of any association of a person with this organisation is sufficient to make them “members.” Thipsay’s ruling included a statement to the effect that Indians who are concerned about the condition of the “weaker sections” of society might well be influenced by, and even attracted to Maoist philosophy, but this did not make them all “members” of an organisation dedicated to the overthrow of the state. Thipsay remained unmoved, Bhatia notes, by “incantations” of *salus populi suprema lux* (“the people’s welfare is the supreme law”). In short, Justice Thipsay’s reasoning in the case “challenged the very legitimacy of the permanent normalizing of the state of exception, with its attendant erosion of foundational civil rights” (Bhatia 2019, 281).

Bhatia’s wider argument—which shares a lot with those both of Austin

and of Khosla—is that the Constitution is imbued with a transformative vision. With independence and the foundation of the republic, Indians were no longer *subjects* but *citizens*, and the Constitution aimed to bring about a shift from the “culture of authority” that prevailed under colonial rule to a “culture of justification.” What he means is that the accountability of the executive is fundamental in a democratic system, such as the Constitution aimed to establish. Those who, as he puts it, “for a time” exercise power, must justify their actions to citizens, and before the law. This, in his view, is what Ambedkar sought to achieve with Article 22—to require the executive to justify preventive detention. But as Bhatia himself and Sekhri have both shown, this not how the Article has been interpreted on a good many occasions by the Supreme Court, with the result that, “Starting with treating preventive detention as a ‘complete code,’ and emergency powers as non-justiciable, the Court has incrementally extended constitutional insulation to anti-terror laws, by extending the logic of the state of exception” (Bhatia 2019, 294). The significance of Justice Thipsay’s reasoning in *Jyoti Chorge* is that he challenged this logic, and the culture of authority reflected so clearly in the UAPA. The tragedy is that though “Not rejected by the Supreme Court, but not endorsed either [Thipsay’s judgement] enjoys a curious life in limbo” (Bhatia 2019, 253).

## Conclusion

The contemporary writers whose work I have considered all engage, to a greater or lesser extent, with Granville Austin's study of the Constitution. Like Austin, all of them, though most expressly Bhatia and Khosla, interpret the Constitution making process, and its outcome, as having a transformative intention—what Bhatia aptly puts, in the context of his criticism of the idea of continuity from the colonial legal system to that of independent India, as the aim of bringing about the shift from a culture of authority to one of justification, in a democratic political system. All the four writers also engage, as Austin did, with the problem posed by the presence in Chapter III of the Constitution, of Article 22. In it, Austin saw a potential danger to liberty, and hence to Indian democracy. Much would depend, as he saw it, on “the mercy of the Legislature and the good character of [India's] leaders.” Austin himself, in his later study of the working of the Constitution, showed that the framers' faith in these had proven misplaced, though he retained his belief in the success, imperfect though it might be, of India's democracy. Bhatia and Sekhri, taking account as they do, of the events of this century—and *contra* Alva's benign view of Court judgements—are very much less sanguine. No matter what the intention behind Article 22, the work of these writers shows that it has proven to be a Trojan Horse for the endorsement of executive supremacy and the extension of the logic of the state of

exception that now so much endangers Indian democracy.

These trends have been taken further in the three Bills on the criminal justice system introduced into Parliament in August 2023 by the Home Minister Amit Shah and passed into law after little deliberation—and in the absence from Parliament of 143 opposition MPs, who had been suspended on dubious grounds—in December of that year. The process was sadly typical of the 17<sup>th</sup> Lok Sabha, in which bills have commonly been pushed through without serious deliberation or debate and in defiance of what are generally understood to be the norms of democratic government. The three new Acts, which have Sanskrit titles (an innovation), are intended—the government claims—to “decolonialise” the criminal justice system by replacing the Indian Penal Code, the Indian Evidence Act and the Criminal Procedure Code that had been inherited from the colonial government, with “laws made by India, for India and made in Indian parliament,” according to the words of the Home Minister. No matter that a major part of each of the three new Acts reproduces the colonial legislation. In what is clearly new in the Acts, legal scholars find a clear intent to enhance the powers of the police and the discretion that the police may exercise, striking at the heart of civil liberties protection. G. Mohan Gopal found evidence of an intent “to establish permanent extra-constitutional emergency powers through statutory means” (Gopal 2023)—a view broadly shared by Abhinav Sekhri who saw in the bills the most significant undercutting of the

democratic promise of the Constitution since the retention of laws of preventive detention (under Article 22) (Sekhri 2023). The concerns of these scholars, and others (Bhalla 2024), are based—among other factors—on the ways in which the new legislation expands police powers for custodial detention and the already considerable powers of search and seizure that the police have; on the dilution of current laws in such a way as to allow the police to harass complainants and to refuse to register First Information Reports for legitimate complaints; on the effective duplication of the already draconian Unlawful Activities (Prevention) Act [UAPA] that allows the police to prosecute critics and opponents of the government on the basis of doubtful or even of fabricated evidence, but with a statute that does not have even the limited safeguards that UAPA includes;<sup>14</sup> and through enhancing the possibilities for the prosecution of those the government doesn't like, for the wide and ambiguously defined crime of “endangering sovereignty, unity and integrity of India” (which might, for example, include simply the publication of information inconvenient to government). In sum, the new legislation expands the scope of preventive detention, initially given constitutional legitimacy by Article 22. The Article surely has proven to be a Trojan Horse for executive power, enabling it to constrain citizens' freedoms and constrict democracy.

## **Appendix: Provisions of Article 22**

Clauses (1) and (2) of Article 22 state that all those arrested and detained in custody have a right to legal counsel and the right to be informed about the reasons for their arrest, and that they should be produced before a magistrate within 24 hours. Article 22(3)(b), however, says that these clauses do not apply to those detained “under any law providing for preventive detention.” Clause (4) states that “No law providing for preventive detention” shall authorise detention for longer than three months, unless this is approved by an Advisory Board constituted by “persons who are, or have been, or are qualified as judges of a High Court.” But this is then made subject to Clause (7) which essentially gives Parliament the power to decide otherwise. Clause (5) states that the authority responsible for detention should communicate the grounds for it to the person concerned and afford him “the earliest opportunity of making a representation against the order.” Clause (6), however, then says that nothing in (5) should require the authority concerned “to disclose facts which such authority considers to be against the public interest to disclose.” The final Clause (7) gives the extensive powers to Parliament regarding detention and the procedures to be followed by an Advisory Board, referred to earlier.

The 44<sup>th</sup> Amendment revised Clause (7) in such a way as to limit the powers of Parliament (by deleting 7(a)), and redrafted Clause (4) in line with this, while also specifying detention for

no more than two months without the greater detail. These revisions not yet  
authorisation of an Advisory Board, notified.  
the constitution of which is specified in

## Endnotes

- 1 I am grateful to the Editors and to an anonymous reviewer for their comments on an earlier draft of this paper.
- 2 Chandrachud spoke of Articles 14, 19 and 21 of the Constitution as a “golden triangle,” standing “between the heaven of freedom into which Tagore wanted his country to awake and the abyss of unrestrained power,” in his judgement in the *Minerva Mill* case (1980). He clearly feared that the “golden triangle” could give way.
- 3 Here Austin refers to the upshot of Article 22 and the Preventive Detention Act 1950, as they were supported in the judgement of the Supreme Court in the *Gopalan* case.
- 4 It was in the course of the meetings of the Advisory Committee in April 1947, for discussion of the Draft Report, that reference to property was omitted from what was eventually to become Article 21, in view of concerns about conflict with the land reforms which were then thought to be so important.
- 5 The possibility that including the right to property in the article would obstruct what was then seen as socially necessary land tenure reform, weighed heavily with the framers of the Constitution. How this problem was dealt with is discussed by Austin (1966), in Chapter 4.
- 6 Note, however, that Abhinav Chandrachud, who contributes the chapter on Due Process in *The Oxford Handbook of the Constitution of India* (edited by Sujit Choudhury, Madhav Khosla and Pratap Bhanu Mehta, Oxford University Press, 2016), argues that the framers of the Constitution intended, in Article 21, only what he calls “due form” due process, meaning that life and liberty can be deprived so long as deprivation proceeds under a validly enacted law—not even equivalent to “procedural due process,” when the courts can judge whether the procedure is “fair, just and reasonable.” Chandrachud also says that “doctrines like substantive and procedural due process are considered, even in the US, to be elusive and hard to define” (p. 792). The same is evidently true in India, as well, considering the somewhat different arguments of Khosla and Chandrachud.
- 7 On this, see also the arguments of Abhinav Chandrachud (2016), cited at note 6.
- 8 Alva makes clear his kinship relation to Rau, on his mother’s side.
- 9 This argument is developed in Chapter 8 of the book, Alva (2022). T. T. Krishnamachari, himself a member of the Drafting Committee, in a statement before the Constituent Assembly on November 5, 1948, spoke of its unstructured and unsystematic functioning.
- 10 Alva (2022) points out (in Chapter 5) that A. K. Ayyar’s intervention in the debate was intended to defend Article 15. But Ayyar then spoke of the need for 15-A, praising

Ambedkar for introducing it, effectively conceding that Article 15 did not provide protection for personal liberty.

- 11 Any sense of celebration is quashed by Gautam Bhatia in a lengthy note, in which he concludes that the *Maneka Gandhi* judgement is “better understood as a well-intentioned, but misguided, wrong turn” (Bhatia 2019, 462).
- 12 The Open Letter concerning the notification of the 44<sup>th</sup> Amendment, section 3 is available at: <https://constitutionalconduct.com/2021/10/16/open-letter-to-the-minister-of-law-and-justice-government-of-india-notification-of-s-3-of-the-constitution-fourth-amendment-act-1978-to-provide-for-impartial-and-independ/>
- 13 This “slew” includes the Terrorist and Disruptive Activities (Prevention) Act [TADA], passed in 1985 to address the Khalistani Movement in Punjab but which was eventually applied to all of India, till it lapsed in 1995; it was followed, after the attack on Parliament in December 2001, by the Prevention of Terrorism Act [POTA] which included similar provisions; and then by the Unlawful Activities (Prevention) Amendment Act 2004, which has been subject to further amendments, most recently in 2019, always in the direction of increasing the arbitrary powers of government. This string of laws is based on the presumption that those accused are guilty unless it can be proven to the contrary, in an inversion of the normal process of law.
- 14 Mohan Gopal comments that the fact that the police have discretion as to whether to prosecute under UAPA or under the new penal code, means that there is an opportunity for rent-seeking and corruption, if those accused seek the limited safeguards that they have available to them under UAPA. See G. Mohan Gopal, “Second Avatar of the Criminal Law Bills: The Key Changes,” *The Wire*, December 15, 2023.

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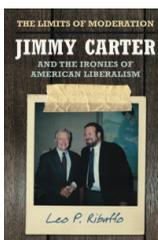




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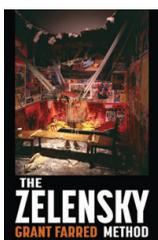
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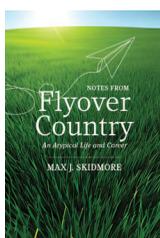
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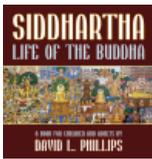
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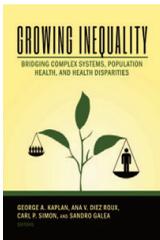
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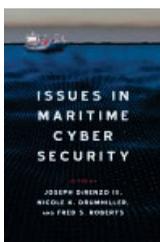
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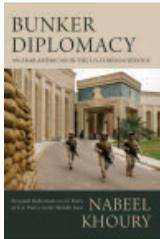
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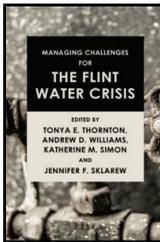
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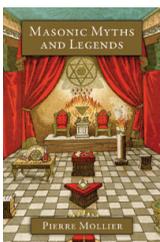
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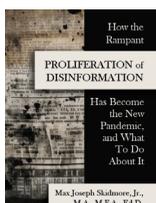
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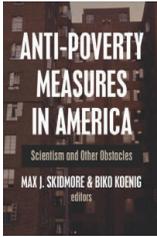
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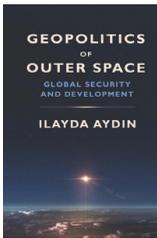


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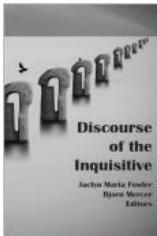


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