

The Political Economy of India's Malnutrition Puzzle

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Abstract Child malnutrition in India is shockingly high and is falling unusually slowly in a period of large gains in aggregate prosperity. Yet technical solutions to malnutrition are known. This article suggests the disjunction is a consequence of institutional features of India, in which rent-creation and rent-sharing in an unequal society are central. Economic reforms partially altered relations between the state and business, helping spur growth, but growth is much weaker in rural areas and poorer states. And service delivery remains enmeshed in patronage and populism. This is acutely misaligned with required action on malnutrition that involves provision of complementary public goods, by different agencies, with a key role for front-line workers. Systemic institutional change is going to be a long haul; in the meantime, public action needs to be designed around existing political and organisational realities. Otherwise increased nutrition-related spending will be like pushing on a string.

India has grown enormously in the past 25 years, but malnutrition has improved only slowly, from a dismally high level (Figures 1 and 2).¹ The proportion of children in India with low weight-for-age is higher than in Ethiopia, a much poorer and drought-prone country. This is a particularly stark indicator of unequal development. For this fundamental dimension of wellbeing, large numbers of people, especially children, have benefited little from aggregate advance.

How to reduce child malnutrition is not a mystery. The causal determinants are well-known, driven by interactions between food intake, health status and provision of maternal care. Moreover, the Indian government has been active for decades in food policy, and has a long-standing programme – the Integrated Child Development Service (ICDS) – that specifically focuses on child development. The right to such services has been underlined in decisions of India's Supreme Court in recent years.²

There is a lot of micro-work on malnutrition in India, much of it reflected in other contributions to this *IDS Bulletin*. This essay asks a broader question: how do we interpret the disjunction between aggregate prosperity and such a

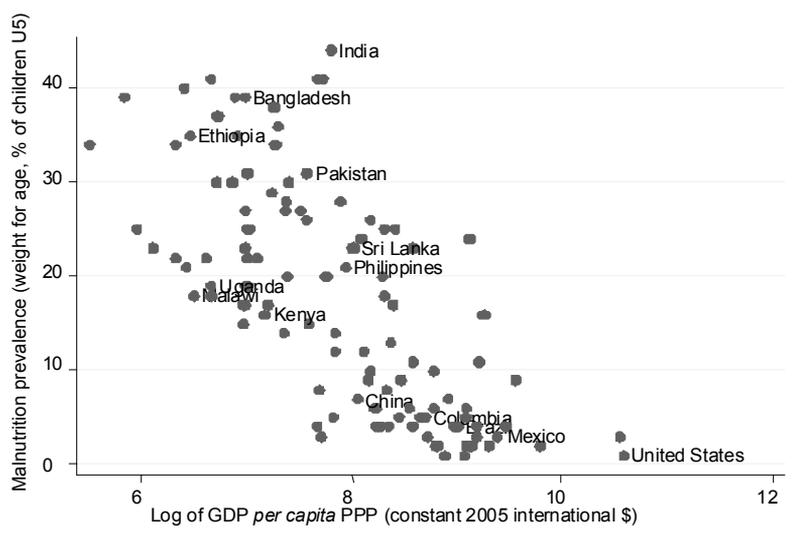
fundamental measure of wellbeing? The core thesis is that malnutrition is not only a dimension of current (and future) inequalities, but is also causally related to unequal institutional structures. These reflect a political system in which patronage and the management of rents play a central role. This system has been a source of uneven growth, of distorted policy choices and weak implementation of the state. These all conspired against effective action to deal with child malnutrition.

I first sketch the causal processes, then present an interpretation, and end with some implications, including a comparison with Mexico's experience. There is surprisingly little careful research on these issues: the argument is speculative, but is hopefully useful in framing questions.

1 Causal processes

A schematic presentation of causal processes is given in Figure 3 (see United Nations System 2005; Gragnolati *et al.* 2006). Nutrition is about a lot more than food intake; behaviours of mothers, health and nutrition workers matter; public goods are central, on information and drivers of public health; and the system is both complex and thick with complementarities. Contextual influences

Figure 1 Child malnutrition: India in international context



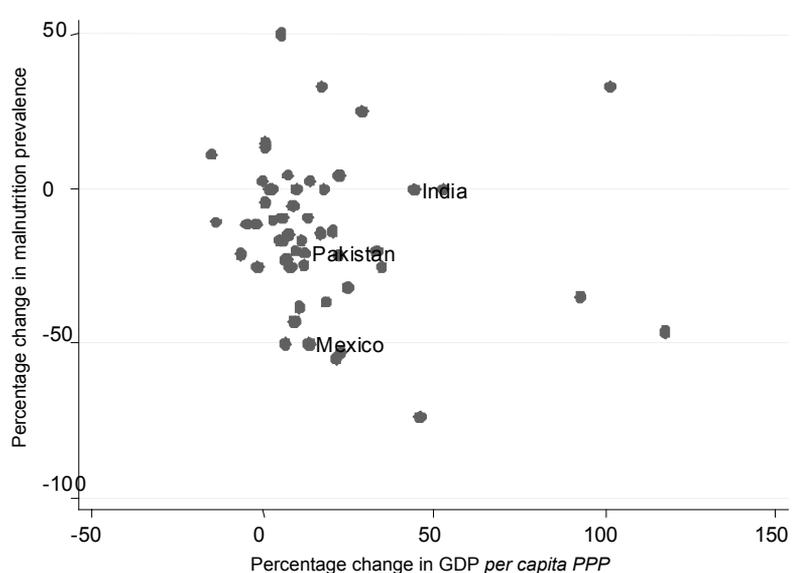
Notes Data from latest survey evidence in 2000s, matched to GDP *per capita* for the same year; U5, under 5. Source World Development Indicators; malnutrition data drawn from DHS, and NFHS for India.

on state performance and womens' preferences and power are fundamental.

There are many areas in which the causal chain breaks down. The behaviour of mothers is

typically inconsistent with recommended practices, even for many better off and educated mothers. Rising wealth may have modest effects on food spending. While 80 per cent of households have access to an *Anganwadi* – the

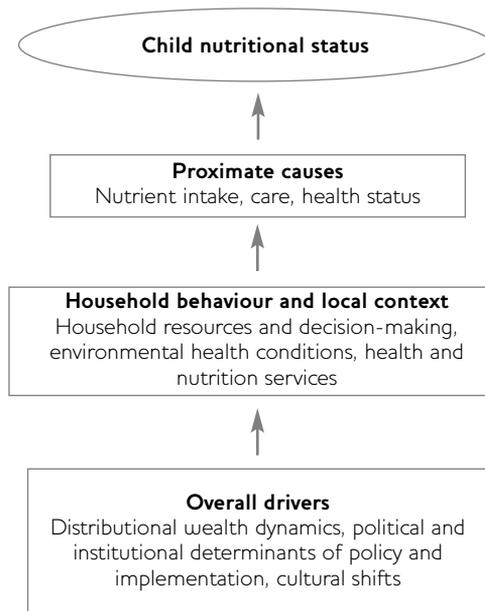
Figure 2 Changes in malnutrition prevalence and growth in income *per capita* – late-1990s to mid-2000s



Notes Data on weight-for-age of children under five, various years from late 1990s to most recent, matched to GDP *per capita* for the same years.

Source World Development Indicators.

Figure 3 A schematic account of influences on child malnutrition

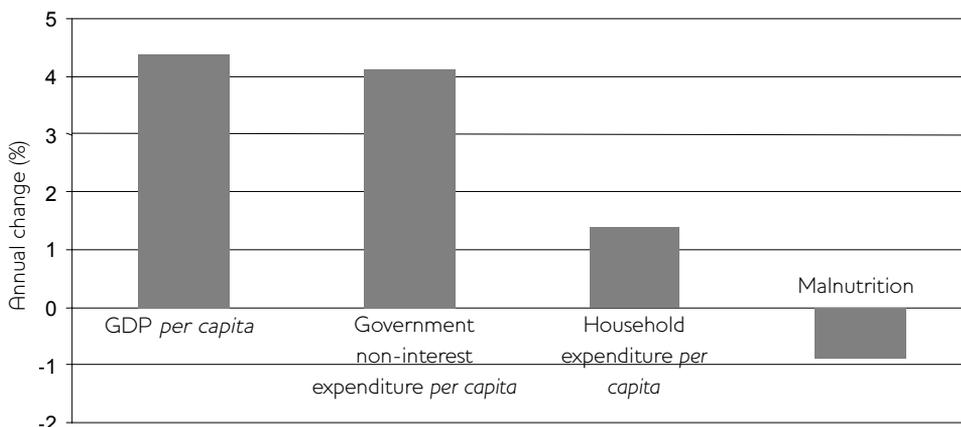


village centre for integrated child care services under the ICDS – most do not use it. Some 85 per cent of rural households have access to an improved water supply, but only one-third treat water to make it potable. A total of 58 per cent do not take children with diarrhoea to a medical facility, but public rural health services are often dismal, especially in Northern India – with low levels of attendance of either nurses or patients!³

2 Institutions, unequal growth and distortions in public service delivery

We would expect better aggregate conditions to improve nutrition through two kinds of channel: through the effects of rising household wealth on consumption of food and private determinants of better health; and through increased government resources on public influences, including provisioning of water and sanitation,

Figure 4 Annual change in *per capita* GDP, government spending and household spending and in malnutrition – early 1990s to mid-2000s



Notes Malnutrition is weight-for-age and between 1992/3 and 2005/6; other variables are between 1993/4 and 2004/5. Source Central Statistical Organisation, Reserve Bank of India, National Sample Survey and IIPS.

health services and nutrition programmes. Yet, just as the cross-country data suggest a weak link between *growth* and better nutrition, the India data suggest two disjunctions (Figure 4): between growth in the aggregate and in household spending per person from household surveys; and between government spending and private consumption on the one hand, and changes in malnutrition on the other. The last would look even worse if we used the late 1990s survey as the comparison point.⁴

How should we interpret this? There has been no shortage of debate on both India's growth acceleration and over service delivery. I suggest the following overall interpretation. A central element of India's economic and social functioning is the creation and sharing of economic rents – rents that flow from restrictions on competition, control over resources, and the allocation of public and social infrastructure across groups. These often have economic costs – diverting the effort of companies, groups and households into securing rents, whether in licenses, land, provision of a local road or reservations for jobs or college education. But they are also highly functional to India's political equilibrium, underpinning the implicit contracts between the state and the large-scale business sector and between the state and social groups.

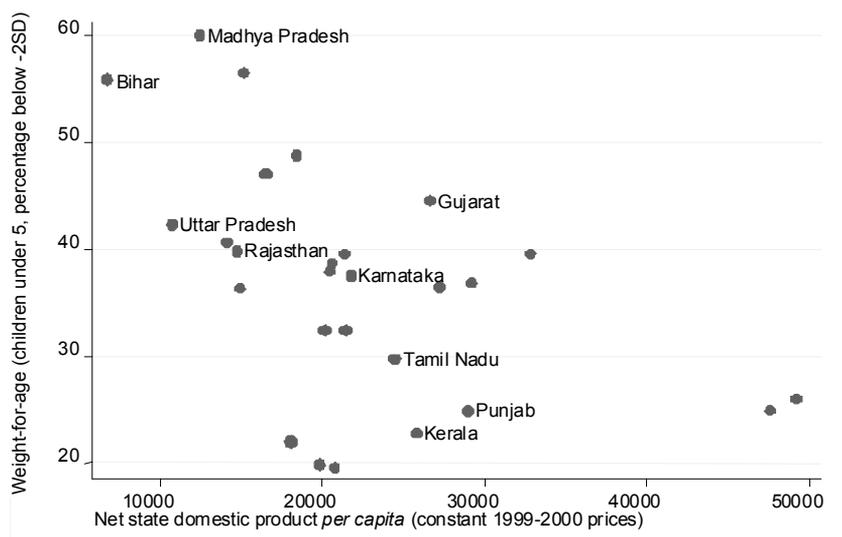
The first implicit contract, with the corporate sector, can be thought of as the exchange of state support, in the form of a credible investment environment and specific provisioning of permissions and infrastructure, in return for private investment, political finance and (sometimes) corrupt payments. But didn't the economic reforms change all this? They did involve significant changes, but not to a rent-free nirvana. There was a shift to a 'pro-business' stance, essential to high levels of corporate investment.⁵ And there were substantial reductions in many of the rents of the License Raj, through de-licensing and trade opening. These measures helped spur business growth. Firms enjoyed Schumpeterian rents from the discovery of new profitable activities. However, widespread domains of state-controlled rents remain, in land, natural resource access, infrastructure, the allocation of the spectrum and so on, and the implicit state-business contract remains important.

By contrast, the implicit contract between the state and social groups has remained one of state patronage for political loyalty – clientelistic at local levels, populist at state and national levels. Aspirations for the state to become a transformative agent for equality opportunity ran up against pervasive inequalities (Mehta 2003). The state has become embedded in societal functioning, and effort levels *within* the state are driven more by rent-preservation than service provision. This is the primary source of the dismal performance of the state in many areas of basic service delivery, as documented for education (PROBE 1999), health (Banerjee *et al.* 2004) and irrigation (Wade 1985). Thus Chandra (2004) characterises India as a 'patronage democracy', in which private and club goods are allocated by politicians and the executive to particular groups, with ethnic affiliation tending to reinforce this patronage structure.⁶ There is widespread discontent over the performance of the state. But the collective action problem around effecting reform of the state is immense and most groups choose to play within the existing patronage-based system.

There is a spatial dimension to the implicit contracts. At the state level, Tamil Nadu, for example, has relatively good performance but not because it is free of rents, corruption and patronage, but rather because it has developed a more successful structuring of the implicit contracts, with greater state capacity, more credibility with business, and more responsive service delivery. Bihar's political equilibrium has been more pernicious with respect to both state-business and state-society relations (although it may now be in transition).

This account is directly related to the two disjunctions. First, it forms part of the story on unequal growth dynamics – and in particular of the large difference between growth in rural household spending and national income.⁷ The partially reformed business sector took off, leading to growth accelerations in the 1980s and 2000s. There has been business dynamism, high corporate profits, and an extraordinary surge in corporate fortunes, at least until the fall in the stock market. But major parts of the economy have experienced much slower growth. Of particular importance has been weak rural development, with the rural economy caught in a political equilibrium in which a range of

Figure 5 Malnutrition and Net Domestic Product across Indian States, 2005/06



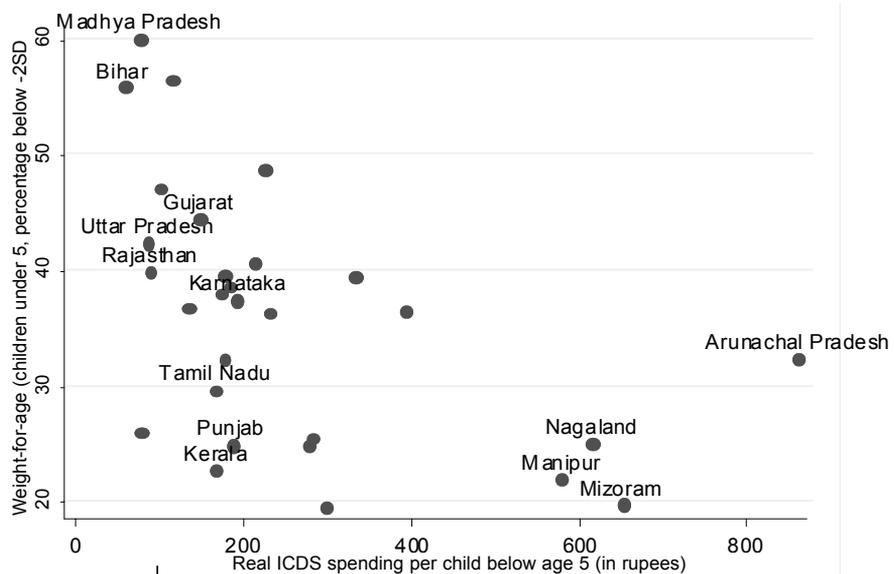
Source Central Statistical Organisation and IIPS (2007).

subsidies – for electricity, water and fertilizer – lie at the centre of the political deal. A major expenditure item in the 2008/09 fiscal year was the write-off of agricultural loans. This helped reduce short-run distress, but it served to put back the agenda of financial inclusion that is important to long-run rural growth. Potentially

growth-inducing action on infrastructure, policy change or innovation in agriculture has actually declined (World Bank 2005).

There has also been unequal spatial development, with initially better-off and more effective states, such as Tamil Nadu and Gujarat,

Figure 6 ICDS spending per child and proportion of underweight children under five, 2005–6



Source NFHS-III Report for weight-for-age data and Indiatat.com for ICDS expenditure data.

benefiting more from business expansion than poorer and institutionally weaker ones, such as Bihar, Madhya Pradesh and Uttar Pradesh (Figure 5). While the latter are all high malnutrition states, the relationship with incomes varies: Tamil Nadu has relatively low malnutrition but not Gujarat, and initial analysis suggests there may be no statistical relationship with state incomes or growth!⁸

The second reason is that state-society relations are a source of failure in government action. There has been a long tradition of food programmes in India. The largest is the Public Distribution System (PDS) of subsidised foods channeled through special stores – this ran at some 5 per cent of total spending in the early 2000s. This has long been recognised by analysts as an ineffective programme, with substantial leakage, and little impact either on reducing expenditure poverty or malnutrition. The ICDS, in principle more closely aligned with the needs of young children, has extensive reach but limited effectiveness. It is also regressive across states with poorer Northern states having lower spending per person (Gragnotati *et al.* 2006). There is, however, substantial variation, and the FOCUS report (2006) found much greater effectiveness in Tamil Nadu than in other states reviewed.

The central institutional problem around public action to tackle malnutrition is that this action is badly aligned with political and administrative incentives. This is where the causal processes come in from Figure 3: a complex mix of public goods in health and nutrition, requiring local interaction between household knowledge, behaviours and action by state agents. For politicians or local officials this is unattractive as a source of patronage in terms of services, for which credible promises of repeatable private or club goods are better, and it likely to be a poor source of corrupt gains. The regressive state-wide distribution of ICDS (Figure 6) may also be associated with this interpretation, to the extent that the mix of patronage based processes and a weak state are more extreme in poorer Northern States.

A particular area of tension, that bridges the corporate and social worlds, concerns the use of fortification. A big part of India's malnutrition problem concerns micronutrient deficiency, with

anemia a dramatic manifestation. Fortification of staple foods could have a large impact and have been effective elsewhere, in Morocco for instance. But government contracts in this type of area are a classic area for favoured allocation to corrupt producers.

3 Implications

I have argued that the core of India's malnutrition puzzle lies in institutional functioning. What does this mean for public action? Given the nature of the problem, India's public resources, and examples of relative success within India (say in Tamil Nadu) public action has the *potential* to be effective. However, if the thesis is correct, effecting change will be primarily about transformation of institutional structures and processes rather than specific techniques.

Consider two kinds of institutional change. First, there could be deep systemic change in the functioning of democracy, markets and the workings of the state. Imagine a situation in which politicians have an interest in delivering public goods and state actors have incentives to take action based on results and to solving inter-agency organisational problems based on experience of what does and does not work. Malnutrition of rural kids would become recognised as one of the most important dimensions of inequality of opportunity for much of the population, information on the extent and depth of child malnourishment would be regularly, publicly available and discussed in the press, and households and communities would become aware of the issues, changing their own practices and pressing demands on the state for decent services. A parallel story could be told around the institutional basis for more equal growth dynamics. This is a useful vision and benchmark, but sounds unrealistic in an Indian context.

A second kind of change can be thought of as transformational but local institutional shifts in processes and incentives in the absence of systemic change. This is both easier and harder – it does not require fundamental change, but the absence of systemic change can undercut specific reform. A successful example from another country illustrates: the 'Progres-Oportunidades' programme of Mexico.

The Progres programme was introduced in poor, rural parts of Mexico in 1997, with a focus

on supporting the human development of poor children.⁹ It is internationally famous as an early example of ‘conditional cash transfer (CCT)’ programmes that make cash transfers to households conditional on specific behaviours, often related to human capital development of children, in this case through regular attendance at health clinics and attendance at schools. Technical design aspects of CCTs are of great importance, but are not the focus here that is on the institutional challenge.¹⁰

In the 1990s, Mexico had the following characteristics, displaying clear parallels with India:

- a history of social exclusion, especially of rural, indigenous groups, in spite of a national ideology of inclusion
- a patronage-based local political system, in which rural communities depended on local bosses for (inadequate) delivery of favours, alongside major neglect of local public goods
- large-scale food programmes, with substantial fiscal subsidies, especially on maize (the staple) and milk, ostensibly aimed at assuring access to basic food for the poor and middle groups, in practice highly ineffective at tackling malnutrition, and sustained both by rents of suppliers and populist politics
- social programmes deeply embedded in national and local systems of patronage, notably a high profile local public works programme (Pronasol), that was part of the then President Salinas’ strategy to sustain and restructure political support for his overall project of modernisation and political control.

Then there was a political opening, owing to the combination of a political crisis around the corruption and patronage of the Salinas administration and the 1995 currency and banking crisis. This opening was used to design and introduce Progresá, while the major general food subsidy programmes were phased out as part of the fiscal retrenchment. Key institutional design choices were:

- 1 a centrally managed, two-stage targeting involving geographic selection and a proxy means test based on household assets
- 2 for those selected, a *right* to receive the transfer, conditional on attendance at health

clinics and schools, with centralised management of payments

- 3 use of existing local public health clinics and schools for service delivery
- 4 the avoidance of local, or community-based decision-making in beneficiary selection and design choices, to minimise risk of local political capture, but full transparency with communities on implementation
- 5 extensive information campaigns.

The programme was highly successful in many domains, including in health and malnutrition with, for example, a 25 per cent decline in morbidity rates of young children in the programme relative to those outside, and a 17 per cent gain in weight-for-age for malnourished rural children aged 5–23 months.

Should India introduce a ‘Progresá-Oportunidades’ style programme? Not necessarily. Mexico had three features that were propitious for the selected design: the political opening; an effective federal cadre of workers to manage core aspects of the programme; and ‘good enough’ (including reasonably non-corrupt) local health and education services that could be activated. There are questions in India over each of these. But the lesson is different: that substantial institutional change can sometimes occur in the absence of fundamental systemic change, when this is aligned with institutional possibilities and constraints.

While India has tougher institutional problems than Mexico in some areas, it also has strengths: a vigorous national and local democracy, technical awareness among specialists inside and outside the state, and a growing culture of rights and accountability, evidenced, for example, in the Right to Information act, the design of the National Rural Employment Guarantee Programme and the Right-to-Food campaign.¹¹

The part of the Right-to-Food campaign that focuses on young children is of particular interest: this advocates universalisation of comprehensive nutrition, health and pre-school services to children under six as a basic right, complementary action through social mobilisation and judicial and other

accountability processes within the state, and increased support for, and empowerment of, frontline workers (see www.righttofoodindia.org; Drèze 2006). From a political viewpoint this may offer the best hope for transformational change in the Indian context, in the absence of system-wide reform. Alternatives, including a more 'cost-effective' route of focusing government action on poor children, are less likely to work to the extent that they are less effective in the nexus between social awareness, mobilisation and activating existing accountability structures in the state.

The Right-to-Food approach need not only be about making *anganwadis* work better: there is scope for experiments with food fortification (Drèze 2006; Gopaladas 2006), for top-down information campaigns on care practices, and a centralised role in measuring and publicising results. The relative success of Tamil Nadu is a valuable benchmark, but publicising results within and between districts could be more politically salient. The success of a Brazilian

programme that faced comparable challenges – the introduction of village health workers within a deeply clientelistic and unequal Brazilian state – depended greatly on empowering local workers, linking them with local communities, and intensive radio campaigns on outcomes (Tendler 1997). Local mayors started to demand the programme!

We will now return to the big picture. Child malnutrition is extraordinarily severe in India. Growing private and public resources appear to have had little impact on the problem. This essay has suggested that an important part of the puzzle lies in political and social institutional functioning, that has led to uneven growth, under-provisioning of nutrition-related public goods, and weak functioning of the state. Can big changes occur in the short term? We do not know. But the kinds of experiments in change that would be desirable should pay as much attention to institutional designs, adapted to local political and social conditions, as to technical issues.

Notes

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- 1 There are discrepancies in the pattern of trends between the NFHS and the other main source – the National Nutrition Monitoring Survey – that exclude the northern states where malnutrition is worse (see Deaton and Drèze 2008, for discussion). Probably all that can be said is that there is no consistent evidence of significant gains since the late-1990s.
- 2 See the report of the subcommittee on the working group on food and nutrition security for the Planning Commission (2006).
- 3 All data from IIPS (2007); for health in rural Rajasthan, see Banerjee *et al.* (2004).
- 4 Deaton and Drèze (2008), explore a further issue, of falling spending on calories at given overall household spending – that may explain part of the second disjunction. If correct, this makes more effective public action more, not less, important.
- 5 See Rodrik and Subramanian (2004) and Kohli (2006).
- 6 See also Rudolph and Rudolph (2008) for

general discussions on the declining autonomy of the Indian state.

- 7 There is debate over measurement (see Deaton and Kozel 2005), but I believe there is a strong presumption that a substantial part of the discrepancy between, say, growth in private consumption from the national accounts and household surveys is due to rising inequality; see Walton (2008) for discussion.
- 8 A simple OLS regression of inter-state differences in malnutrition India finds no effect of either levels or changes in state domestic product, once female literacy and women's body mass index is included. But this may mean little, since there are big problems of identification in so simple an analysis.
- 9 The programme was initially known as Progresá (the Spanish acronym for its full name). It changed its name to Oportunidades ('opportunities') with the change in administration in 2000; the focus here is on the initial design phase.
- 10 For a general account of Progresá-Oportunidades by the principal architect of the programme, see Levy (2006); cited results are from there.
- 11 www.righttofoodindia.org (accessed 14 May 2009).

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