

Mind, Body & Growth

How to ensure India's government schools, healthcare deliver quality service for the majority

Raghuram Rajan & Rohit Lamba

Whatever path India chooses for its economic growth, capabilities of our people will matter. And while our best hospitals and schools compare with the best in the world, our healthcare and education systems grossly underserve the ordinary citizen.

Even before accounting for the devastating effect of the pandemic on our children's learning, ASER reported in 2019 that only about half the students in Standard III could read at Standard I levels. The rate of malnutrition amongst India's children stays stubbornly over 30%, which is higher than in Ghana or Kenya. Why has a vibrant electoral democracy not been able to deliver on education, health and other public goods?

Part of the answer is that no one can be held responsible for a local primary health centre (PHC) that is frequently out of medicines, or for a local government school where the teacher is perpetually absent. The power to affect these matters, for instance to penalise the absentee teacher, typically lies in the state capital, which aggrieved locals or their panchayat representatives have little ability to reach. So local elections are rarely about improving delivery of public goods, since local governments neither have the power, the funds, nor the staff to change matters.

At the same time, the quality of the local school is too small a matter for the state politician to campaign on – not that she will have much ability or incentive to alter local matters when she becomes a minister in the state capital. Instead, she campaigns on populist giveaways such as loan waivers or free rations that have broad appeal across the state. And to address economic worries, she focuses on job reservations based on caste, region, or other subgroup identities, instead of pushing for better capabilities for the youth to get private jobs.

We don't lack for detailed reports on needed reforms. The supply side of service delivery in health and education is improving but at too slow a pace. The hope

lies in upending the system by mobilising the demand side – instead of pushing services top down, these have to be pulled from bottom up. Instead of centralising administration, we need to decentralise, while empowering beneficiaries. In short, we have to harness the power of our democracy rather than succumb to its most populist aspects.

If some power to reward or punish providers is handed to local government, even if short of full powers to hire or fire, locals have some measure of redress. Even better would be to set up school boards and health boards, staffed primarily by user households, which should be the primary input to the local government's decisions. The Delhi government is virtually a

mayoralty, and the improvements it has made in its schools and PHCs suggest the potential for changes elsewhere if local government is empowered and funded.

Of course, the poor may be reluctant to protest poor service, especially if the provider has a higher social status, or is locally influential. Such fears tend to diminish as the poor come to realise their own power of citizenry. But it is also one more reason to do away with arbitrary laws that any administration – local, state, or national – has to harass critics.

The quality of state delivery also stays mediocre because the middle-class no longer uses it. Consequently, a vocal force that would protest bad service goes missing – contrast the quality of Kendriya Vidyalayas that admit the children of middle-class government servants with the typical government school. To entice the middle class back to more typical government schools, their quality has to improve, a chicken and egg problem.

Private providers can offer people more choice. Unfortunately, our historical suspicion of the private sector impedes progress. Instead of regulating them lightly and effectively, the state veers between seeing them as unwanted greedy competition or a necessary evil. Instead of a vibrant private alternative, therefore, poorer households often get the products of collusion between the corrupt elements of the state and the greediest parts of the private sector. The consequence is continued distrust.

Some regulations are warranted, but not ones that force private providers to be clones of the government ones. Transparency can lead

to more informed choice. Parents should know their local school's test performance and its teachers' qualifications. There is however no need to insist that every teacher have a B. Ed. Indeed, the regulatory side of the state should be independent from the side providing the service, so that regulations improve private provision rather than impede competition to state providers.

Similarly, it should be possible for a patient to check in a public database that their doctor has the degrees she claims, or to check a hospital's record of treatments, prices charged, and success rates. The trusted informal village 'doctor' could get formal training in basic treatments and get a verifiable certificate.

The eventual aim should be to allow state and private providers to compete on a level playing field. If the poor household chooses private alternatives, the government should aid them through school vouchers and health insurance. Policy is already nudging in that direction with programmes such as Ayushman Bharat.

Finally, unless we fix the basic architecture of the system, more resources may make little dent. Yet, as we go about fixing design, our spending priorities are also worth rethinking.

Consider sums being handed for Production-Linked Incentives – it will cost \$10 billion or more in subsidies to convince a big industrialist to build one semi-modern chip factory, a highly capital-intensive (not labour-intensive) enterprise. That sum could fund 50 top-notch universities churning out 50,000 fantastic scientists and engineers a year or 1,000 schools with state-of-the-art laboratories, libraries and gyms.

Surely, spending on healthy minds in healthy bodies will take us much further than subsidising mindless matter? Raghuram Rajan is a professor at the University of Chicago & Rohit Lamba is an assistant professor at Pennsylvania State University

This is the third article in an occasional series by the two authors



