Chapter 7

Pervasiveness of Vulnerability in Punjab
A Political Economy Perspective

7.1 Introduction

After having a comprehensive understanding of the vulnerability dynamics in Punjab’s (urban) unorganised manufacturing sector (in earlier chapters), the study adopts here a broader perspective by exploring the incidence of vulnerability in other (agricultural and non-agricultural) segments of Punjab economy. After observing the pervasiveness of vulnerability, we discuss various arguments, as emphasised in literature, on active state role for uplifting the well-being of its citizens. Being guided by these arguments, we raise the question: Has there been any social welfare effort undertaken by the state in Punjab? If yes, how sound has it been in terms of its nature and magnitude?

Such a query is addressed by evaluating the nature, magnitude and relative performance of the social welfare effort made by the state in Punjab. It is noteworthy that Punjab has attained a high rate of economic growth in the past with minor declines during current times (Ahluwalia, 2000) and thereby, it has been one among the few major Indian states who has remained at the higher ranks, in terms of their per capita income levels, over a sufficiently long period of time (See, Table 1.2). Given the level of economic prosperity attained by Punjab till date, one may expect that the state might have developed, besides various centrally-led schemes, its own social welfare system\(^1\) for uplifting the well-being of its citizens.

But, an observation of the negligible social welfare effort, in both absolute and relative sense, urges us to explore the underlying reasons. For such an enquiry, we adopt the political economy perspective by which we understand

\(^{1}\)Such presumption finds its basis in the social welfare experience of Kerala and Tamil Nadu which have remained relatively less (economically) prosperous than Punjab over the period of time. The nature and scope of various social welfare programmes in these states is discussed in studies like Dev (1994) and Kannan (2002).
not only the nature of (political) power structure but also the societal dynamics hampering the demand for sound social welfare mechanism. This discussion on political and sociological domains is also supplemented with an assessment of resource generation potentials and implicit fiscal irrationality, as depicted by various illustrations, in state’s expenditure patterns.

The next section locates the pervasive sense of vulnerability in other segments along with discussing various arguments, as advocated in literature, for active state role in promoting the well-being of its citizens. The third section makes an evaluation of the nature, magnitude and relative performance of the social welfare effort made by the state in Punjab over a period of 25 years, i.e. from 1980-81 to 2005-06. Following this evaluation, the next three sections are devoted to explore the underlying reasons, with a political economy perspective, for negligible social welfare effort in an affluent state like Punjab. Under this perspective, the political undertones are discussed in the fourth section and the societal dynamics hampering the demand for sound social welfare effort is explored in the fifth section. The sixth section substantiates the discussion by providing various economic insights. The final section summarises emerging conclusions.

7.2 Pervasive Sense of Vulnerability and the Arguments for Active State Role

As pointed out by Sundaram (2001, Table 12) that in Punjab, there is a relatively small proportion of people who live in the conditions of absolute poverty. No doubt, such insights are encouraging but at the same time, it needs to be noted that there are high ‘within state’ inequalities in this respect. A recent national-level study by Chaudhuri & Gupta (2009) points out that during 2004-05, the poverty incidence in rural Punjab has been as high as 28.3 percent in Muktsar district. This district also has the highest incidence of urban poverty (22.8 percent) across all the districts. There are four districts (viz., Muktsar, Moga, Faridkot and Bhatinda) having poverty incidence of more than 20 percent in rural Punjab and two districts (viz., Muktsar and Fatehgarh Sahib) in urban Punjab. Similarly, there are two districts (viz., Firozpur and Mansa) in rural Punjab and two districts (viz., Faridkot and Mansa) in urban Punjab with poverty incidence ranging between 10 to 20 percent. The absolute poverty incidence in the industrially advanced districts of Ludhiana, Amritsar and Jalandhar remains 4.3, 3.8 and 5.7 percent respectively in the urban areas and 8.9, 8.7 and 0.9 percent respectively in the rural areas. The average incidence of poverty in Punjab remains at 9 percent in rural areas and 6.3 percent in urban areas.

Nonetheless, the proportion of masses experiencing vulnerability may be high. As there is no study till date capturing the incidence of vulnerable livelihoods in
Punjab, we attempt to understand the underlying factors in the emergence of vulnerable livelihoods. For such an endeavour, we consider both the agricultural and non-agricultural segments.

Let's consider first the agricultural segment as the very process of Green Revolution has induced certain changes in agricultural society that in one way or the other are contributing to the vulnerability of masses dependent on agriculture. It is noteworthy that the Green Revolution, in its initial stages, has benefited all sections of the peasantry as the viability of even the small farms has increased during this time (Saini, 1976). But, over the period of time, the cultivation process has become more capital-intensive due to rising input cost. These have been the farmers with large land holdings, who could borrow easily and thereby have had access to this technology but the small and marginal farmers have remained, to a large extent, unable to do so due to their limited access to credit. The increasing non-viability of small farms due to declining productivity of agriculture added further to their woes. This led to differentiation within the peasantry.

Figure 7.1
Distribution of Operational Land Holdings in Punjab

<table>
<thead>
<tr>
<th>Year</th>
<th>&lt; 1 hectare</th>
<th>1 - 2 hectares</th>
<th>2 - 4 hectares</th>
<th>4 - 10 hectares</th>
<th>10 or More hectares</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970-71</td>
<td>37.63</td>
<td>18.91</td>
<td>20.44</td>
<td>18.01</td>
<td>5.01</td>
</tr>
<tr>
<td>1990-91</td>
<td>26.50</td>
<td>18.14</td>
<td>25.84</td>
<td>23.40</td>
<td>6.01</td>
</tr>
<tr>
<td>1995-96</td>
<td>18.65</td>
<td>16.78</td>
<td>29.31</td>
<td>27.98</td>
<td>7.28</td>
</tr>
<tr>
<td>2000-01</td>
<td>12.31</td>
<td>17.35</td>
<td>32.91</td>
<td>30.18</td>
<td>7.25</td>
</tr>
</tbody>
</table>


It is found that during 1970-71, the operational land holdings for about 38 percent of the farmers were below one hectare but by 2000-01, the share of such farmers has got reduced to about 12 percent (fig 7.1). The share of farmers having more than 2 hectares of land has increased. Such pattern indicates the emergence of inequality in land ownership. It is also observed that the cultivators' share in agricultural workforce has declined from 67.9 percent in 1971 to 58.1 percent in 2001 (GoP, 2006, Table 3.11). Consequently, the share of agricultural labour has increased. One may attribute such an increase in labour to the inflow of migrants but in the light of above evidence on land inequality, it needs to be noted that there has arisen a new class who has lost land and is working as agricultural labour.
Another fact revealing the marginalisation of peasantry emerges from the pattern of asset distribution. NSSO's 59th round reveals that about 76 percent of the rural cultivating households own about 24 percent of the assets whereas about 9 percent of the rural cultivating households own about 45 percent of the assets. Similarly, the distribution pattern of the outstanding debt (in fig. 7.2) reveals that out of total farmer households having outstanding debt, about 35 percent belong to the category of farmers having less than 1 hectare of land. A consideration of the purpose and source of loan reveals that a large part of the loan taken by marginal and small farmers is for consumption purposes and ceremonies like marriages. It is also pointed out that a majority of these farmers do not have access to institutional sources of credit and they have to rely on non-institutional sources of credit (mostly, money-lenders and traders). Such inferences have also been revealed in a study by Gill (2004). This study points out that the agrarian credit markets in Punjab are interlinked which contributes towards the exploitation of marginal and small farmers.

Besides the cultivating class, evidence on the plight of agricultural labour is also available. Most of this literature has remained focused on migrant workers. It is revealed that the migrant labour has to face exploitation not only in terms of working conditions but also in terms of remuneration. There are even the instances when it is turned into bonded labour. A few studies like Rangi et al. (2004) have pointed out an increasing incidence of casualisation of Punjab's agriculture. Similarly, Singh & Singh (2006) finds Punjab's agricultural labour as economically vulnerable.

2 Based on Table 8R (pp. A - 166) of NSSO (2005a).
3 As per Table 2 (pp. A-76) and Table 3 (pp. A-91) of NSSO (2005b).
Unlike agriculture, there is not much research work available, in Punjab's context, for other non-agricultural segments like construction, transport, trade, hotels, community services etc.\(^5\) However, the NSSO's quinquennial rounds reveal that these segments employ not only a large proportion of workforce but their share of workforce has increased over the period of time.

Nevertheless, by an analysis of the 61\(^{st}\) round of NSSO, we observe that a large proportion of the employment generated by these segments bear such characteristics that no one can deny their exposure to vulnerability. About 22 percent of the employment generated are casual in their nature and about 33 percent of the workers are own account workers including both home-based and non-home-based workers. Both these types of workers experience vulnerability in one way or the other. Though this data-set does not provide much information to explore further the nature of vulnerability experienced by these categories of employment, it provides information about the nature of contract between the worker and the employer, duration of wage receipts, access to paid sick leave and social security benefits. By these indicators, it has been found that about 72 percent of the workers are working without any (written) contract with their employers. About 25 percent are receiving their wage payments on daily basis. About 62 percent do not have any access to paid sick leave and about 69 percent do not receive any kind of social security benefit (see, Table A.15).

But, we get a varied picture when we look across different sectors. It has been found that the construction sector generates a majority of the casual employment. The situation is relatively worse in rural areas where about 71 percent of the employment generated by the construction sector have been casual in their nature. Similarly, a relatively high proportion of employment generated by the other segment of transport, storage and communication have been casual in their nature whereas the incidence of casual employment in other segments has not been that high.

With respect to the nature of job contract, the overall situation is not much attractive as a majority of the workforce work without any (written) job contract.\(^6\) A majority of the employment generated by the construction sector do not have any (written) job contract. Similarly, about 90 percent of employment generated by trade and hotels do not have any job contract and the situation is relatively alike in both the rural and urban areas. The sector of transport, storage and communication also provide most of the employment without any job contract with the worst in rural areas. Though the situation in other sectors is also not

\(^5\)A large part of available research work remains confined to agricultural and manufacturing segments. There have been a few studies like Singh (1991b); Chahal et al. (1996); Singh (1996); Chand (2002); Ghuman et al. (2002); Mahajan (2002); Rangi et al. (2002); Sidhu & Toor (2002); Ghuman (2005); Toor & Sidhu (2006) on non-farm sector but these do not address the issues related with employment to their entirety so as to reveal implicit insecurity in these segments.

\(^6\)Job contract assumes significance as it ensures job security to a certain extent whereas the absence of such contract makes the workers vulnerable to the implicit threat of job loss.
much encouraging, they may be termed as relatively better due to the fact that a majority of employment generated by them are based on some sort of written contract.

In terms of the duration of wage receipts, we find that a majority of construction sector workers receive wage payments on a daily basis. A small proportion of the workers in transport / storage / communication sector also receive their wage payments on a daily basis. The situation remains somewhat better in other sectors where a majority receive wage payments on a monthly basis.

In terms of access to paid sick leave, we do not get much encouraging picture as a majority of the workers do not have access to paid sick leave except the sectors like electricity, gas and water supply and financial, real estate and other services. It is noteworthy that a large part of these two sectors belong to the organised segment of the Punjab economy. Consequently, the access of paid sick leave to these workers does not have much significance when we are concerned about the quality of employment in the unorganised segment. On the other hand, the remaining segments of construction, transport and trade / hotels - a large part of which belong to the unorganised segment, clearly reveal that a majority of the workers in these sectors do not have access to paid sick leave. Similar has been the situation with respect to workers' access to any sort of social security benefits across these sectors.

Above all, it can be said that the employment generated by these segments too bear the characteristics that leave the workers bound to experience vulnerability in one way or the other. The construction sector followed by transport / storage / communication and trade / hotels has emerged as the major sectors generating a majority of the insecure employment. In fact, the recruitment processes in these segments are much more informal that spark insecurity in various aspects of the employment. Moreover, the working conditions in these employment are too degraded that they have implications for the occupational health and safety of the workers. Besides wage earnings being very low, there are limited chances of skill formation and thereby occupational mobility in these segments. These employment also suffer from the lax implementation of labour laws.

Thus, we have observed that there is a pervasive sense of vulnerability across all the (agricultural as well as non-agricultural) segments of the Punjab economy and a large number of factors have been contributing to such a situation. Nonetheless, it urges for the existence of a sound social security mechanism so as to prevent a downfall in the living standard of the working masses due to their experience of a variety of vulnerabilities.

The very first argument in this line emerges from the democratic set-up of the Indian political system. Under this system, it is only the state that has to come forward to enhance the welfare of its citizens as democracy per se implies the rule
of the people, by the people and for the people. In such democratic set-up, the state and its representatives (as elected by the people) are supposed to assume the prime responsibility of taking care of the 'needs' (at least the basic ones) of the people. Such an argument is put forward by studies like Kannan & Pillai (2007) in the 'Rights Perspective'.

Nonetheless, there is an economic undertone to this argument. The state, even in a democratic set-up, can take care of the welfare needs of its citizens only if it is sufficiently developed in economic terms and is thereby capable of generating sufficient economic surplus for meeting its social welfare obligations. The experience of the developed world finds relevance in this context as it has ventured on the path of welfare state only after attaining a sufficient degree of economic development.

In a democratic set-up, if one subscribes to the affordability argument, then we are of the opinion that Punjab has experienced in the past a sufficiently high rate of economic growth. In terms of per capita income levels, it has remained at the highest rank for a large period of time - only recently, it has witnessed a somewhat decline in its per capita income levels. However, one may still have doubts on account of resource mobilisation potentials of the state. So, we have examined this aspect in detail in section 7.6. We do not find much problem with this. Therefore, we believe that the state of Punjab meets fully the affordability criterion.

Besides this democratic (rights-based) argument, there are a few economic arguments as well that urge the state, in contrast to the private sector, to come forward primarily on the grounds of efficiency and equity. Barr (1989) contends the view that the provision of social insurance in developed countries is not merely ideological to facilitate any redistributive aims; rather it is deeply rooted in economics as it is necessary in such cases where "private insurance markets, for technical reasons, would not do at all, or would do inefficiently" (pp. 59). He argues that for markets to provide an efficient outcome, a number of conditions concerning perfect information, perfect competition and the absence of market failures should be met. With rare exceptions, these conditions are met and the failure of one or more of these conditions generally makes the resulting market equilibrium inefficient. Under such circumstances, it is the state that can provide a better alternative to ensure efficiency of outcomes. Barr (1992) further downplays the redistribution dimension of the welfare state by arguing that in industrialised countries, it has been the asymmetric information leading to failure of markets for providing insurance against unemployment, medical contingencies etc. that has led the citizens to demand public solutions from the state. He opines that the private provision of insurance is inherently inefficient as the would-be insured have private information about their risk level and that bad risks may accordingly drive out good.
Having understood the pervasiveness of vulnerability across all the segments in Punjab economy and being guided by various arguments on active state role, we evaluate the nature, magnitude and relative performance of the social welfare effort undertaken by the state in Punjab over a long period of 25 years, i.e. from 1980-81 to 2005-06.

7.3 Punjab State's Social Welfare Effort: An Evaluation

Punjab state has introduced various welfare schemes. Significant among these has been the 'Old Age Pension Scheme' that was started as early as 1964. A prime eligibility condition to avail benefits under this scheme requires an individual to be a *bona fide* resident of Punjab with a residence history of at least 3 years. The eligibility in terms of age is fixed at 65 years for men and 60 years for women. In economic terms, only those individuals are eligible for old age pension whose monthly income falls within the economic limit of Rs. 1,000 (in the case of single person households) and Rs. 1,500 (for a family of two persons). Such eligibility conditions clearly indicate that this scheme is meant for 'below poverty line' (BPL) families. It provides a monthly pension of Rs. 200 to its beneficiaries and is most often paid on a quarterly basis through designated banks.

The state has also introduced in 1968 a similar pension scheme for destitute women and widows. The eligibility conditions related to residence are the same as those of the old age pension scheme. But as far as age is concerned, despite keeping the age limit of 60 years, it provides support to widows or women deprived of their husbands' support for any reason or unmarried destitute women of 30 years of age or above. This scheme provides a monthly pension of Rs. 200 to each beneficiary on a quarterly basis.

The state has also made schemes to provide financial assistance to orphans and destitute children below the age of 21 years. Economic criterion sets the income of the child's mother / father / guardian to be below Rs. 1,000 a month. In cases where both parents are alive, it restricts the maximum income level at Rs. 1,500 per month. Moreover, the financial assistance is provided only for two children. The amount is Rs. 200 per beneficiary and is paid on a quarterly basis. The state has another scheme as well for helping those children who have severe disability or permanent infirmity caused by blindness, retardation or chronic illness. The assistance amount is Rs. 200 per month.

Recently, the state has introduced another scheme called the 'Shagun Scheme' for providing financial assistance to the newly wedded daughters of the Scheduled Caste families. The assistance amount is Rs. 1,500. Moreover, there

---

7The details about these schemes are derived from NCEUS (2006). This significant report also provides information on the nature of social security schemes in various Indian states.
are various other micro-level schemes run on an intermittent basis by various governments in Punjab.

In light of the fact that Punjab has been one of the prosperous states of India, merely a glance at various social security programmes may not reveal adequately the social obligations met by the state. This aspect needs to be delved into much more rigorously so as to infer about the adequacy of social welfare effort made by the state in Punjab.

Though a few studies like Dev & Mooij (2002, Table 24); Banerjee & Roy (2004, Table 6), providing inter-state analysis are available, their evidence on the ineffectiveness of state in Punjab\(^8\) may be taken as indicative only because these studies focus on social sector expenditure and not specifically on the expenditures incurred for promoting social welfare. Another study by Alam (2004, Table 1 & 3) looking into the aspect of ageing and old age income security reveals that the per capita pension amount, during 1999-2000, provided by Punjab has been Rs. 125 - much lower than Maharashtra (Rs. 175) and Gujarat (Rs. 200). Moreover, Punjab has released only 50 percent of the expenditure allocated for pensions - much lower than other states like Kerala (75.5 percent), Maharashtra (62.3 percent), Haryana (59 percent) and Tamil Nadu (57.6 percent).

Nonetheless, there is ample scope for extending the analysis of state social welfare. So, we examine the expenditure undertaken by the state, in both absolute and relative sense, to meet its social obligations. The analytical exercise involves the analysis of time-series data, by using simple statistics, for the period 1980-81 to 2005-06. We consider the high-income states of Haryana, Gujarat, Maharashtra and Tamil Nadu for having a comparative assessment of Punjab's performance in promoting social welfare. Besides the high-income states, we also consider the state of Kerala that is much known for its social welfare and the highest level of human development among the Indian states.

The states undertake their social sector expenditure under various heads like (1) education, sports, art and culture, (2) medical and public health, (3) family welfare, (4) water supply and sanitation, (5) housing, (6) urban development, (7) welfare of scheduled caste, scheduled tribe and other backward classes (8) labour and labour welfare, (9) social security and welfare, (10) nutrition, (11) relief on account of natural calamities, and (12) others. But, out of these broad heads, there are primarily three broad heads, viz. (7) the welfare of scheduled caste, scheduled tribe and other backward classes, (8) labour and labour welfare.

\(^8\)In line with the findings of other studies, we too find that there has been a decline in the growth rate of real social sector expenditures during the 1990s over the 1980s. It is striking that the growth rate of per capita real social sector expenditure has recorded a relatively sharp fall in the case of Punjab over a period of time. During the 1980-90 period, the per capita social sector expenditure has grown at the rate of about 7 percent per annum, which has fallen drastically to about 2.9 percent during the 1990-2000 period. Moreover, during the 2000-06 period, the growth rate of per capita social sector expenditure has turned out to be negative (see, Table A.16).
and (9) social security and welfare that are related directly to the promotion of social welfare by the state.9

Table 7.1: (Average) Share of Social Welfare Expenditure in Social Sector Expenditure, 1980-81 to 2005-06

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Punjab</td>
<td>11.60</td>
<td>8.60</td>
<td>10.90</td>
<td>8.72</td>
<td>7.43</td>
</tr>
<tr>
<td>Haryana</td>
<td>9.03</td>
<td>18.97</td>
<td>19.83</td>
<td>14.78</td>
<td>18.89</td>
</tr>
<tr>
<td>Gujarat</td>
<td>15.10</td>
<td>11.57</td>
<td>11.10</td>
<td>10.43</td>
<td>10.91</td>
</tr>
<tr>
<td>Maharashtra</td>
<td>11.15</td>
<td>9.95</td>
<td>10.50</td>
<td>10.53</td>
<td>11.40</td>
</tr>
<tr>
<td>Tamil Nadu</td>
<td>16.39</td>
<td>15.49</td>
<td>12.71</td>
<td>14.97</td>
<td>17.06</td>
</tr>
<tr>
<td>Kerala</td>
<td>14.06</td>
<td>12.99</td>
<td>10.78</td>
<td>12.06</td>
<td>12.77</td>
</tr>
</tbody>
</table>


Table 7.1 points out that the aspect of social welfare has attained varied significance in states' social sector expenditure over the period of time. It reveals that the social sector expenditures of almost all the states has accorded relatively more significance to the aspect of social welfare than the state of Punjab for most of the time period under consideration. The performance of the Punjab state has remained unsatisfactory - in fact, it has emerged as one of the worst performer in this respect.

A consideration of the magnitude, growth and elasticity of social welfare expenditure in both absolute and relative sense may provide a better understanding of the social welfare effort made by the Punjab state.

It can be inferred from table 7.2 that on an average, the Punjab state has made a per capita real social welfare expenditure of only Rs. 84.5 during the 2000-06 period, which has been the lowest among all the states under consideration. Similarly, when we consider the amount of resources spent by states on social welfare per Rs. 1000 value of their real gross domestic product, we again observe that the performance of the Punjab state has remained poor over the period of time (Table 7.3). During 2000-06 period, it has spent, on an average, Rs. 2.7 on social welfare out of its real gross domestic product worth Rs. 1000 whereas its counterpart states have undertaken relatively high expenditures on social welfare out of their real GDPs.

Table 7.4 presents a comparative inter-state profile of growth attained by the social welfare expenditures over the period of time. The (trend) growth rate of real social welfare expenditure undertaken by the Punjab state has been positive during the 1980-90 period. Except Kerala, it has been lower than that of other high-income states. But, during the 1990s, Punjab has been the only state where the growth rate of real social welfare expenditure has been negative. Though the performance of Punjab state in this respect has improved during the 2000-06

---

9There is the possibility that besides state, other (semi-government) organisations like welfare boards etc. may also be contributing significantly to promote social welfare. We do not consider such organisations here as our prime focus is to evaluate the social welfare effort made by the state. So, for this analysis, we are relying solely on the study of state finances, as provided by the Reserve Bank of India publications.
Table 7.2: (Average) Per Capita Real Social Welfare Expenditure, in Rupees, Base = 1999-2000

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Punjab</td>
<td>79.52</td>
<td>88.16</td>
<td>96.16</td>
<td>90.11</td>
<td>84.53</td>
</tr>
<tr>
<td>Haryana</td>
<td>50.50</td>
<td>149.58</td>
<td>168.65</td>
<td>150.67</td>
<td>223.12</td>
</tr>
<tr>
<td>Gujarat</td>
<td>87.02</td>
<td>92.72</td>
<td>88.24</td>
<td>107.27</td>
<td>132.42</td>
</tr>
<tr>
<td>Maharashtra</td>
<td>60.03</td>
<td>73.41</td>
<td>84.90</td>
<td>109.43</td>
<td>156.18</td>
</tr>
<tr>
<td>Tamil Nadu</td>
<td>87.69</td>
<td>113.41</td>
<td>118.22</td>
<td>160.86</td>
<td>206.99</td>
</tr>
<tr>
<td>Kerala</td>
<td>99.07</td>
<td>117.76</td>
<td>104.70</td>
<td>134.62</td>
<td>177.46</td>
</tr>
</tbody>
</table>

Note: Social welfare expenditure is deflated with state GDP deflators for respective years (base 1999-00). Source: Fiscal data is taken from EPWRF (2004) and RBI (2003, 2004, 2005, 2006, 2007), and the data on state GDP and population (for estimating per capita figures) is taken from the Central Statistical Organisation.

Table 7.3: (Average) Real Social Welfare Expenditure per Rs. 1000 of State GSDP, Base = 1999-2000

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Punjab</td>
<td>5.01</td>
<td>4.64</td>
<td>4.54</td>
<td>3.70</td>
<td>2.77</td>
</tr>
<tr>
<td>Haryana</td>
<td>3.87</td>
<td>9.24</td>
<td>8.90</td>
<td>6.64</td>
<td>7.22</td>
</tr>
<tr>
<td>Gujarat</td>
<td>7.62</td>
<td>7.33</td>
<td>5.70</td>
<td>4.98</td>
<td>5.27</td>
</tr>
<tr>
<td>Maharashtra</td>
<td>5.04</td>
<td>5.31</td>
<td>4.67</td>
<td>4.60</td>
<td>5.53</td>
</tr>
<tr>
<td>Tamil Nadu</td>
<td>10.33</td>
<td>11.21</td>
<td>8.85</td>
<td>8.43</td>
<td>8.54</td>
</tr>
<tr>
<td>Kerala</td>
<td>11.24</td>
<td>11.84</td>
<td>8.23</td>
<td>7.34</td>
<td>6.92</td>
</tr>
</tbody>
</table>

Note and Source: Same as Table 7.2.

period, it has remained much lower than other states. Somewhat similar has been the growth pattern of per capita real social welfare expenditure.

Table 7.5 presents the estimates of elasticity with respect to state real gross domestic product. It is found that the elasticity of real social welfare expenditure, in the case of Punjab, has remained much below unity over all the three periods under consideration which implies that there has been less than proportionate increase in real social welfare expenditure with every increase in the real gross domestic product since the 1980s. During the 1980-90 period, this elasticity for Punjab has been the lowest among all the states under consideration. During the 1990-2000 period, it has become marginally negative (Punjab being the only state to record such pattern). This elasticity has got improved during the 2000-06 period but it has remained lower than its counterpart states. Somewhat similar has been the elasticity pattern of per capita real social welfare expenditure.

Thus, it becomes clear that the performance of Punjab state has remained unsatisfactory. The state has not performed up to its (economic) affordability.

Table 7.4: Trend Growth Rate of State's Real Social Welfare Expenditure (RSWE)

<table>
<thead>
<tr>
<th></th>
<th>1980 - 90</th>
<th>1990 - 00</th>
<th>2000 - 06</th>
<th>Per Capita RSWE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Punjab</td>
<td>3.44</td>
<td>-0.41</td>
<td>1.36</td>
<td>1.57</td>
</tr>
<tr>
<td>Haryana</td>
<td>23.65</td>
<td>0.74</td>
<td>6.65</td>
<td>21.22</td>
</tr>
<tr>
<td>Gujarat</td>
<td>3.78</td>
<td>5.88</td>
<td>6.77</td>
<td>1.78</td>
</tr>
<tr>
<td>Maharashtra</td>
<td>7.40</td>
<td>7.01</td>
<td>8.8</td>
<td>5.14</td>
</tr>
<tr>
<td>Tamil Nadu</td>
<td>7.46</td>
<td>6.88</td>
<td>6.22</td>
<td>5.99</td>
</tr>
<tr>
<td>Kerala</td>
<td>3.05</td>
<td>5.09</td>
<td>5.51</td>
<td>1.64</td>
</tr>
</tbody>
</table>

Note and Source: Same as Table 7.2.
Table 7.5: Elasticity of Real Social Welfare Expenditure (SWE) with respect to State Real Gross Domestic Product

<table>
<thead>
<tr>
<th></th>
<th>Real SWE</th>
<th>Real SWE per Person</th>
</tr>
</thead>
<tbody>
<tr>
<td>Punjab</td>
<td>0.64</td>
<td>-0.02</td>
</tr>
<tr>
<td>Haryana</td>
<td>3.79</td>
<td>0.17</td>
</tr>
<tr>
<td>Gujarat</td>
<td>0.76</td>
<td>0.67</td>
</tr>
<tr>
<td>Maharashtra</td>
<td>1.22</td>
<td>0.93</td>
</tr>
<tr>
<td>Tamil Nadu</td>
<td>1.35</td>
<td>0.80</td>
</tr>
<tr>
<td>Kerala</td>
<td>1.14</td>
<td>0.56</td>
</tr>
</tbody>
</table>

Note and Source: Same as Table 7.2.

to strengthen social welfare mechanism. Such fragile social welfare effort in an affluent state urges for an explanation.

The political economy perspective may provide a deeper understanding of the underlying reasons. With this perspective, we can delve into not only the nature of (political) power structure but also the societal dynamics that is hampering the demand for sound social welfare system in an affluent state. Moreover, we can always substantiate the discussion not only with an analysis of the fiscal health and expenditure pattern but also by way of providing various illustrations depicting the fiscal irrationality of the state in the usage of public funds that have an alternate use of promoting social welfare. We discuss the political aspect first.

### 7.4 Political Undertones of Fragile Social Welfare Effort

The political aspect assumes significance as it delineates the nature of state and prevailing political environs. Here, we focus specifically on two aspects: the first aspect focuses on tracing the non-welfaristic attitude of the dominant political parties in Punjab and the second aspect highlights the non-influential character of the worker organisations.

#### 7.4.1 Non-Welfaristic Attitude of the Dominant Power Groups

The non-welfaristic attitude of the dominant power groups becomes clear by understanding the nature of dominant political parties and the nature of political influence exerted by the rural society. Both of these aspects are discussed below:

##### A. Dominant Political Parties and Their Ruling Agendas

Since the reorganisation of the state in November 1966, various political parties, both national as well as state, have contested elections but there have been very few who have influenced significantly the political environs of the state. The national level parties like the Indian National Congress (INC), Communist Party of India (CPI / CPI(M)) and the Bhartiya Janata Party (BJP), earlier Bhartiya Jana
Sangh (BJS) and the state level party of Shiromani Akali Dal (SAD) have been the major parties that have remained in the dominant position either independently or as coalition partners in Punjab's politics over the period of time. So, we discuss below about these parties.

Table 7.6: Electoral Performance of Political Parties in Punjab's Assembly Elections, 1967-2008

<table>
<thead>
<tr>
<th>Year</th>
<th>Congress</th>
<th>Akali Dal</th>
<th>BJP(BJS)</th>
<th>CPI/CPI(M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>Seats Contested</td>
<td>116</td>
<td>93</td>
<td>25</td>
</tr>
<tr>
<td>2002</td>
<td>Seats Won</td>
<td>N 44</td>
<td>N 48</td>
<td>N 19</td>
</tr>
<tr>
<td>1997</td>
<td>Seats Contested</td>
<td>105</td>
<td>92</td>
<td>23</td>
</tr>
<tr>
<td>1992</td>
<td>Seats Won</td>
<td>N 62</td>
<td>N 41</td>
<td>N 3</td>
</tr>
<tr>
<td>1985</td>
<td>Seats Contested</td>
<td>105</td>
<td>92</td>
<td>22</td>
</tr>
<tr>
<td>1980</td>
<td>Seats Won</td>
<td>N 87</td>
<td>N 75</td>
<td>N 6</td>
</tr>
<tr>
<td>1977</td>
<td>Seats Contested</td>
<td>116</td>
<td>58</td>
<td>20</td>
</tr>
<tr>
<td>1972</td>
<td>Seats Won</td>
<td>N 32</td>
<td>N 3</td>
<td>N 1</td>
</tr>
<tr>
<td>1969</td>
<td>Seats Contested</td>
<td>96</td>
<td>100</td>
<td>22</td>
</tr>
<tr>
<td>1967</td>
<td>Seats Won</td>
<td>N 17</td>
<td>N 25</td>
<td>N 1</td>
</tr>
</tbody>
</table>

Note: P implies percentage of seats won; * implies percentage of votes polled.

Table 7.6 reveals that the Congress party has never remained a major party to win elections for most of the time. Its electoral base has eroded steadily in the state due to a variety of reasons. Consequently, it has obtained a majority of seats only four times, i.e. in 1972, 1980, 1992 and 2002, out of the ten assembly elections held since the reorganisation of the state. It is also noteworthy that the Congress party has done its best to be in power. It is pointed out succinctly by Gill & Singhal (1984b, p. 607) as

"the Congress politics has been to engineer splits in Akali Dal. In these splits it has been backing Akali extremists, many of them later join Congress. The purpose is to strike at the strength of moderate Akali-leaders who pose a threat, in the parliamentary politics. From 1967 onwards, this has been the policy of Congress in Punjab. Earlier it did so through Lachhman Singh Gill and brought down the Akali led coalition in Punjab. After 1971 it got Gurnam Singh group separated from Akali Dal and also caused split in Akali Dal in 1980. This task has been relatively easy because Akali Dal always has several factions and factional leaders. When Congress has failed to find out a faction from within the Akali Dal, it creates pressures from outside. Congress intervention in Delhi Gurdwara Parbandhak Committee (DGPC) is an open secret. During 1977-80 period of Akali led government in Punjab, Congress openly supported, in SGPC elections, the present militant Sikh leader Sant Jarnail Singh Bhindranwala. It also
helped in creation of Dal Khalsa. Its dual policy of supporting Sikh religious fundamentalist on one hand and Sikh deviationists (like Nirankaris) on the other created Sikh-Nirankari bloody clash at Amritsar in 1978 which has played the key role in creation of present crisis. The policy of supporting and encouraging Sikh fundamentalism pays Congress(I) in another way also. It increases the influence of Congress supported fundamentalists at the cost of the Akali Dal. The latter reacts by adopting the religious fundamentalism and alienates it more from the urban Hindu traders and its capacity of alliance with BJP. In the present context, this is also a tool of factional fights within the Congress(I)."

The alternative parties to Congress have emerged only as alliance / coalition of diverse groups such as Akali Dal, BJP and the Communist parties. These coalitions have always been led by Akali Dal, which may also be termed as a strong religion-based regional party of India as it subscribes to the ideology of the inseparability of religion from politics. Being the main spokesman of Sikhs, the SAD is committed to further the interests of Sikhs. Its religio-political ideology and control over the rich resources of Sikh shrines through the SGPC has enabled it to mobilise Sikhs' vote banks. The failure of the Akali Dal to have cross-communal membership and support-base has often obliged it to seek electoral alliances with the BJP and the Communist parties to compete effectively with Congress for political power but such coalitions have proved to be short-lived. They have failed either because of the basic economic contradictions between the peasantry and the Hindu mercantile class or the factional conflicts within the Akali Dal, which have been successfully exploited by the Congress (Kaur, 1999).

Though there are several factions within the Akali Dal, the dominant faction is of Prakash Singh Badal who himself is a very big land owner belonging to the Jat Sikh community in the Malwa region of Punjab where the size of landholdings is relatively larger. It is mainly the Badal faction that articulates economic aspirations of the rich farmers. Such an instance of class character of the Akali Dal gets revealed in its various arguments favouring rich farmers and the capitalist landlords under 'Anandpur Sahib Resolution' of 1978. It is stated, "the existing legislation on land ceiling would have to be revised and a firm ceiling of 30 standard acres per family would have to be enforced with proprietary rights to the actual tillers." It also says, "the Shiromani Akali Dal shall try to fix the prices of the agricultural produce on the basis of the returns of the middle class farmers. Such prices would be notified well before the sowing season and only the state governments would be empowered to fix such prices." Moreover, it has also demanded the complete nationalisation of trade in food grains and unrestricted movement of food grains in India (Gill & Singhal, 1984b, p. 607). During 1997 elections, the SAD promised to provide free power for tubewells, free canal water

\[10\text{Quoted in footnote 15 of Alam (1987, p. 100-101)}\]
for irrigation and a hike in the procurement price of the agricultural produce in line with the price index (Singh, 1998, p. 235).

As far as the status of Communist Party in Punjab is concerned, it becomes evident from Table 7.6 that its popularity has reduced considerably over time and consequently, at present its influence is very weak. Researchers attribute its weak status to a variety of reasons like organisational weaknesses emerging from small membership, leadership never emerging from the ranks of the proletariat, party factionalism, inter-personal clash between the leadership of CPI and CPI (M), limited industrial sector acting as a hurdle to make much headway, intellectual backwardness, petty bourgeoisie character and the problems of communalism and terrorism in state (Singh, 1985b; Brar, 1989). Moreover, it is said that it has wasted most of its valuable time and a great deal of resources to cultivate a political alliance with the Akalis rather than to build up its own independent political base among various sections of the urban and rural people (Sangwan, 1995, p. 255).

Moreover, Punjab had to undergo the phase of militancy during the 1980s and the early 1990s. Rooted in earlier demands of separate Punjabi state and the demand for 'Anandpur Sahib Resolution' seeking more state powers, there have been a variety of factors that has led to the emergence of militancy in the state. Encouraged / Led by Jarnail Singh Bhindranwala, a secessionist Sikh leader, the militant movement emerged, in its initial phase, with a feeling of hatred for the Hindus and it aimed at killing Hindus but later on, it threatened the life and property of all. Many Hindu leaders (like Late Lala Jagat Narain), Sikh congress leaders, Naxalites and Communists had been on the hit-lists of the militants. Police remained more or less helpless to nab the culprits as they were largely facilitated / supported by Pakistan based ISI and international militant organisations like Babbar Khalsa. Such chaotic situation ruined political harmony in the state where no one could dare to move, walk and talk freely. Initially, the situation was more complex in the Gurdaspur and Amritsar districts but later on, it became threatening throughout the Punjab.

This movement also contributed to the 'Operation Bluestar', 'Operation Woodrose', murder of Mrs. Indira Gandhi, Delhi Riots and the subsequent hostile attitude of the Centre to the state. 'Rajiv-Longowal Accord' paved a way for

---

11Socio-economic school of thought holds that the objective conditions of militancy have emerged out of the social and economic imbalances generated the Green Revolution in Punjabi society (Gill & Singhal, 1985; D'souza, 1985; Singh, 1985a). Singh (1995, p. 603) opines, “Political analysts attribute the rise of militancy in Punjab to Bhindranwale and its elimination to Mr. Beant Singh and Mr. K. P. S. Gill. Political will and the police force, according to them, enabled the state to turn the corner. There is some truth in this. Still Bhindranwale was not the only cause of militancy, nor are Mr. Beant Singh and Mr. Gill the sole "deliverers" of Punjab. Deeper socio-economic factors had primed the state's youth for militancy in the first place. These factors not only helped swell the ranks of militants, but also sustained the cult of gun for 13 long years.” Purewal (2000) attribute it mainly to the kulak politics and their ideology, which have triggered such forces that have contributed to communal disharmony in the state.
the improvement of Punjab's relations with the centre and the subsequent winning of 1992 elections by the Congress party facilitated Beant Singh government to launch massive police operation to wipe out the militant movement from the state. Though this massive police operation had been a success, it resulted in a huge burden of central debt on Punjab - repaying of which (both interest and principal) contributes to huge non-development expenditure and thereby leaves very little resources for social welfare.\textsuperscript{12}

It is also noteworthy that the left, during this phase, tried to run various campaigns to encourage the people to adopt a secular outlook and denounce separatism and fundamentalism in the interest of the state. Rising above their economic demands and trade union rights, the Left-led trade union organisations called workers to hold strikes "to denounce the recent spurt in terrorist killings not only of industrial workers and political activists but of a number of innocent persons - both Hindus and Sikhs" (Dang, 2000, p. 294). The communists, throughout this period, remained very active in holding rallies for mass awakening. But, they had to pay a very heavy price for their fight against terrorism. It is pointed out by Dang (2000, p. 307) that "CPI alone has lost 62 comrades in Punjab and 3 in Haryana... and such prominent leaders as Malkiat Mahal and Nachhatar Singh. ... CPI-M has lost about 31, including former MLA Harbans Singh Beeka and Youth leader Gurnam Singh Uppal. The Naxalites have lost more than ten." Though the Communists, irrespective of such heavy loss, continued to fight for national unity, communal peace and harmony, the terrorist killings at such massive scale (of prominent communist leaders) have created a vacuum in state leadership fighting for the rights of workers.

B. Nature of Political Influence Exerted by the Rural Society

Rural society including largely the peasants (marginal, small, medium and large) and landless labourers, has influenced Punjab's polity not only by providing a number of politicians to the state but also through a series of agitations and struggles undertaken by peasants and agricultural workers at different points of time as these agitations and struggles have been much strong and influential in their magnitude and intensity. Nevertheless, in light of the prevalence of significant vulnerability in the agricultural segment, one may explore the nature of political influence exerted by rural society. Underlying this broad question are various queries, such as: What are the forces that have been shaping the nature of political influence exerted by rural society and from where these forces have arisen? What have been the major agendas of agitations and struggles of farmer organisations? These queries are addressed in the subsequent sub-sections.

\textsuperscript{12}Singh (1998, p. 232) points out that with a crippling fiscal debt, the fight against militancy has left the state government with a cumulative debt of nearly Rs. 60,000 million to the Centre.
lion whereas in order to appease BJP, the government had to increase industrial subsidy from Rs. 6.3 to 12 billion besides many other measures. Though such trends were relatively weak during subsequent congress regime, the government could not fully escape from the pressures of the Kulaks. Moreover, during the current Akali-BJP government, such Kulak-influenced politics can be observed very easily.

b. Farmer Organisations’ Struggle: Nature and Agendas

Farmer organisations represent powerful influencing force emerging from the rural society especially the farming community. A description of the agenda of these organisations along with an illustration of the nature of struggles fought by them may facilitate an understanding of the type of influence that the rural society has exerted on the state. At present, there are a number of farmer organisations spread over different regions of Punjab. These organisations including mainly medium and large farmers, work for organising the farmers on common issues and thereby pursue their collective agenda through various agitations taking the form of rallies, gheraos and bandhs. A few organisations are working on farmers’ indebtedness as well but their main concern remains restricted to hike in prices of agricultural outputs.

To substantiate our discussion on the issue, we focus on the case of the Punjab unit of Bhartiya Kisan Union (BKU). It has come into existence with this name in 1980 though it was active as ‘Punjab Khetibari Zamindara Union’ (PKZU) since 1972. It has fought several struggles during 1973, 1974, 1974-75, 1977-78 but as pointed out by Gill (2000) that it “became very prominent during 1983-84 struggle culminating into gherao of Punjab Raj Bhawan from March 12 to 18 in 1984” (pp. 363).

Gill & Singhal (1984a) point out that the leadership of the union is mainly in the hands of rich peasantry. Nearly 80 percent of the leaders own more than six acres of land and 49 percent own more than 11 acres of land, 95 percent have electric tube-wells / pump-sets, 84 percent have mechanical threshers and 68 percent have tractors. Its class character gets further exposed with an illustration of the type of struggles led by this organisation. Its 1974 struggle aimed at anti-single state food zone, 1974-75 struggle concerned power rate for electric tube-wells, 1975 struggle was against increased water rates, revenue and commercial tax, 1977-78 struggle aimed at replacement of defective tractors, 1979

---

14MukheJi (1998) studies farmers’ movement in Punjab from the perspective of pressure group politics. Similarly, an earlier study, viz. Singh (1990a) examines farmers’ movements with this perspective.

15These are Bharti Kisan Union (Dakonda group), Bharti Kisan Union (Rajewal), Bharti Kisan Union (Ekta-Ugrahan), Bharti Kisan Union (Lakhoval), Bharti Kisan Union (United Sidhupur), Punjab Kisan Union, Punjab Kisan Sabha, Punjab Kisan Sabha (Sambal), Kirti Kisan Sabha, Punjab Kisan Sabha (Taggar), Kul Hind Kirti Kisan Sabha, Jamhoori Kisan Sabha, All-India Kirti Kisan Sabha, Kisan Sangarsh Committee, Punjab, Agriculture and Farmers’ Development Front, Punjab Kisan Jimindara Kisan Vikas Front, Jameen Bachao Committee (Barnala).
struggle came to be known as 'diesel morcha', struggles during 1973-83 focused on sugarcane prices and related issues, 1981 strike was related to milk prices and 1984 agitation aimed at hike in the procurement prices of wheat and abolition of tariff rates of electricity, among other things.

It is noteworthy that these issues "which concern exclusively the rich farmers have received priority in agitations of BKU" (Gill, 2000, p. 367). The union has never started any agitation concerning the needs of poor farmers, agricultural workers and the women. Though the issue of demand for minimum wages is included in Union's agenda since its inception, it could not mobilise significantly the agricultural labour due to "open conflict between agricultural labour and the farmers and openly biased attitude of the union in favour of farmers in the situation of conflict between the two" (Gill, 2000, p. 366).

Thus, the struggles led by the farmer organisations have remained confined to agricultural aspects and served largely the economic concerns of large farmers. The medium and small farmers along with agricultural labour have remained weak in asserting their demands. It is also noteworthy that the communists have also tried to organise agricultural workers independently of their Kisan Sabhas besides CPI(M)'s initiative to launch 'All-India Agricultural Workers Union' (AIAWU) in 1982, they could not get much response from the agricultural labourers as they saw communists with a bit of skepticism due to its alliance with Akalis (as discussed above). Consequently, the concerns for social welfare have remained at large neglected in rural society's effort to influence state power, politics and policy.

7.4.2 Non-Influential Character of Worker Unions / Organisations

Besides rural sector organisations, the worker unions especially of the industrial labour have remained weak. They have not been able to influence the state, in any effective way, for attaining the social welfare objectives except, in few cases, their (trivial) economic concerns. While discussing this point, a major factor that needs to be kept in mind is the fact that the industrial working class has never been a big force in the state as it constitutes a very small proportion of the state's population.

In the year 2006, 2605 trade unions have been registered with the labour commissioner of Punjab - out of these, only 543 have submitted economic returns. The estimated membership in these trade unions has been only 5.62 lakhs which reflects that a majority of the workforce is not organised in trade

---

16 Studies such as Dhanagare (1988); Gupta (1988); Hasan (1989); have provided different perspectives to examine the movements organised by the Bhartiya Kisan Union.

17 Nonetheless, there are a few instances in Punjab's rural history when these workers have struggled for their rights. Singh & Talbot (1980) provide a detailed discussion on agricultural workers' struggle in Punjab.
unions. It is scattered across towns and cities. Such situation indicates the absence of strong trade union movement (numerically speaking). It is noteworthy that a major factor for such fragile situation of trade union movement has been the nature of industry in Punjab. Punjab's industry has been mainly small or medium in its scale of operation. In such units, the size of the workforce is relatively small.

Across industries, the workforce remains spatially dispersed with conflicting relations among themselves. It is only in large units, the workers can stand collectively to pressurise for their demands but the number of such units in Punjab is very minimal. Moreover, the trade unions emerging from these units could not come forward to launch more wide-ranging struggles mainly on account of factors such as:

- The workers in small units being relatively poor cannot afford strikes as by doing so, they have to forego their daily earnings;
- The attitude of the workers from large units remains self-centric;
- The workers from large units perceive the small industry workers as inefficient and lethargic, and thereby not capable of fighting for their own rights.

Such inherent contradictions among the working class restrict the 'trickle-down' effect of trade unions on small and medium units.

Having noticed the inherent weaknesses in the political set up of the state, one may always argue that the nature of the existing political system (anywhere) is contingent upon the underlying structure of the society. So, we discuss below the societal dynamics hampering the demand for sound social welfare mechanism.

7.5 Societal Dynamics Hampering the Demand for Sound Social Welfare Effort

Like any other society, the Punjabi society too is not free from various inherent conflicts. These conflicts prevail on account of various religious and caste-related considerations. It is true that some mild conflicts prevail in each society, what is more disturbing in the case of Punjab is the fact that they have contributed most often to such harsh realities in which one group has subjugated the interests of the other. Under such situation, the society has lost its social fabric and a sense of social cohesion and cooperation, which has left in turn one group isolated.

\[18\] Such premise is especially true in the case of a democracy where the citizens elect their representatives to fulfill their aspirations.
from the other. We discuss below the inherent conflicts triggered by religious and caste-based differences.

### 7.5.1 Religious Heterogeneity and Inherently Conflicting Attitudes

Though the people in Punjab believe largely in two main religions, viz. Hinduism and Sikhism, there are also the people having faith in other religions like Jainism, Christianity and Islam. Besides these religions, there have emerged a few sects led by Nirankaris, Radha Swami, Sacha Sauda, Sachkhand etc. during the recent times. These new sects have attracted a vast set of people. Broadly, these religious communities have remained in conflict, in one way or the other, with the Sikhism.

Prior to the Indian Independence, the Hindus and Sikhs have remained in clash with each other. The Arya Samaj Movement has been termed as the conversion of Sikhs into Hinduism. Moreover, the question of Sikh identity has led to the formation of All India Sikh Gurdwara Parbandhak Committee in the 1920s. After independence, the call for a 'Sikh Homeland' by Master Tara Singh and of 'Maha Punjab' by the Hindus have reflected another strand of Hindu-Sikh conflict. There has been a bloody clash between the Nirankaris and the Sikhs in 1978. Likewise, during the 1980s, the phase of militancy has been more or less based on Sikh's hatred towards the Hindus. During recent times as well, a few instances of religious conflicts have come up. There have been clashes between the Sikhs and the followers of Baba Bhanwarawala. There has been a clash between Sikhs and the followers of Sacha Sauda Sect (Meeta & Rajivlochan, 2007). The tension is still continuing and the Malwa belt has emerged as the most sensitive region that may witness religious clashes.

There prevails conflict even among Jats and Bhapas - two communities having belief in Sikhism. Bhapas are mainly the Khatri, Aroras etc., who own the industries and other business mainly in the urban areas. A large number of them have come from Pakistan, particularly the Rawalpindi region. They are non-Jats. The Bhapas in their social habits and life-styles are no way different from their Hindu counterparts. It is pointed out by Singh (1985a, p. 86) "Bhapas are religiously more orthodox, revivalist and puritan than their rural counterparts. A Jat Sikh, on the other hand, is very liberal so far as religion is concerned. For Bhapas, to be religious is a political act as it is through religion alone, they can distinguish themselves from the Hindus. Therefore, the Bhapas very strictly observe all the norms, rituals and mores of the Sikh religion. The Bhapas consider Jats as inferior and impure Sikhs because of their liberalism and look down upon them whereas Jats think of themselves as purer than Bhapas. The argument is that they earn their living by hard physical labour whereas the Bhapas earn through business, i.e. a non-Sikh way of earning, according to
them. Above all, the Jats think that the Bhapas like the Hindu traders, exploit the Sikh agriculturists and appropriate their hard earned money. Therefore, there is mutual hostility, suspicion and mistrust between the two."

7.5.2 Dominance of Caste and Class based Societal Segregation

In Punjabi society, there is an implicit dominance of caste and class based societal segregation. At the ideological and philosophical level, Sikhism does not approve the caste system. But in practice, there exist caste divisions among the Sikhs. The Jat Sikhs form the uppermost rung of the caste hierarchy. It has become so due to the absence of religious sanction of the caste system in Sikhism. Jat supremacy has been the result of Jats being the early converts to Sikhism, numerical preponderance at all times and Jats being the ruling group for over eighty years before the advent of the British rule in 1849 (GoP, 2004a, p. 11). Moreover, the recent increase in economic power emanating from the Green Revolution has further strengthened the supremacy of the Jats in Punjabi society. Following Jats have been the Khatri Sikhs in caste hierarchy as all Sikh Gurus were the Khatris. Tarkhans and Kalals remain below but very near to the Khatris by virtue of their educational and industrial attainments. Kambohs, Malis and Sainis are the next agricultural castes. Aroras, Lohars and Sonars - the artisan and trading castes come next. Most of these castes are hostile to the Jat landlords (Chopra et al., 1984, p.144-45). The scheduled castes - Ramdasias (Chamars) and Mazhabis, come at the bottom of the caste hierarchy in Punjab.19

Though an earlier study (Jodhka, 2000) argues that the caste system in Punjab is not that severe in its strictest sense as the process of economic growth has removed the notions of 'pollution' and 'untouchability' to a large extent, there are instances by which the present-day Punjabi society can not be said as free from caste-based societal segregation and discrimination. The Mazhabi Sikhs are looked down by Jats. It is also found that a number of scheduled castes and the rural landless of the Sikh community feel alienated from Sikh institutions.

Jodhka (2002) has revealed that out of the 51 villages, dalits have separate gurudwaras in as many as 41 villages. In most cases, dalits have built separate gurudwaras to assert their autonomy and avoid the humiliation they feel in the gurudwaras run by Jats. Moreover, dalits have sought alternatives in other socio-religious institutions such as that of Sant Nirankari, Radha Swami, Sacha Sauda and Ad Dharam. There are other instances of social boycotts by Jats - a recent caste conflict in Talhan reveals pervading caste-based tensions in Punjabi society (Jodhka & Louis, 2003).

---

19As per 2001 Census, SC's population share in Punjab is 28.85 percent. This share is the highest among all the Indian states but they own only 0.3 percent of total land holdings - only above than Haryana.
Besides caste, the Punjabi society has witnessed polarisation across class. The class conflict in both the rural and urban areas is an outcome of the structural changes experienced by the state economy during the past. The Green Revolution led growth in agriculture has created a new class of capitalist farmers in the rural society. The economic interests of this class are in conflict with those of the poor peasants on the one hand and the rural proletariat on the other. The capitalist farmers have remained in conflict with the poor peasants due to latter's demand for a greater share in developmental benefits distributed through government agencies (Azad, 1981). Similarly, they have remained in conflict with rural proletariat due to the latter's demand for an increase in wages and the distribution of surplus land among the landless labourers. As the landlords are mainly the Jats and the agricultural labourers belong largely to the scheduled castes, the clash of economic interests sometimes assumes the form of caste conflict as well.

This class polarisation is also revealed by the conflict between capitalist farmers in the countryside and the urban capitalist class comprising traders and industrialists. Owing to the increased agricultural productivity (due to Green Revolution), the capitalist farmers have accumulated surplus but they have not been much successful in shifting this agricultural surplus to trade and industry mainly due to the lack of significant industrial growth in the state and the (implicit) opposition from the urban capitalist class (Brar, 1986).

Following an understanding of the political and sociological factors hampering the emergence of a welfare state in Punjab, we examine below the fiscal (economic) behaviour so as to add comprehensiveness to the analysis.

7.6 Economic Aspect of Fragile Social Welfare Effort

Fiscally, the fragile social welfare effort by the state may be an outcome of the two factors: it may be either resulting from its experience of finance constraints - an outcome related to poor capacity of resource mobilisation or emanating from its expenditure pattern that have prioritised sectors other than those enhancing social welfare or both. Both of these aspects are examined with the help of fiscal statistics of Punjab for a sufficiently long period of time starting from the 1980-81 to the latest available (2005-06).20 A detailed account of the evidence emerging from this analysis is presented below along with a few illustrations depicting a continuing saga of the state’s fiscal irrationality.

20The data beyond the year 2005-06 are not considered here mainly on account of the fact that the actual estimates of data beyond the year 2006-07 are not available yet.
7.6.1 Resource Mobilisation and Expenditure Pattern

Table 7.7 provides evidence on revenue generating capacity of the Punjab state in a comparative perspective. It is found that the state has not performed better during the decade of the 1980s. Its revenue as percentage of state GDP has remained at the lowest level than other states. Somewhat similar pattern has been revealed by the growth rate of total revenue when it remained lower than that recorded by the states of Haryana, Maharashtra and Gujarat. In terms of revenue buoyancy, Punjab’s performance has remained worse than all states during this decade except Tamil Nadu.

Table 7.7: Revenue Generating Capacity of Punjab in a Comparative Perspective

<table>
<thead>
<tr>
<th></th>
<th>Punjab</th>
<th>Haryana</th>
<th>Gujarat</th>
<th>Maharashtra</th>
<th>Tamil Nadu</th>
<th>Kerala</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Revenue as Percent of SGDP</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1980-90</td>
<td>11.54</td>
<td>14.81</td>
<td>14.07</td>
<td>14.02</td>
<td>15.85</td>
<td>16.79</td>
</tr>
<tr>
<td>2000-06</td>
<td>15.07</td>
<td>12.81</td>
<td>12.63</td>
<td>11.66</td>
<td>13.23</td>
<td>13.41</td>
</tr>
</tbody>
</table>

| **Trend Growth Rate (percent) of Total Revenue** |        |         |         |             |            |        |
| 1999-2000      | 4.01   | 4.74    | 6.29    | 4.20        | 4.01       | 4.44   |
| 2000-06        | 9.22   | 10.17   | 4.95    | 5.90        | 9.01       | 8.10   |

| **Revenue Buoyancy** |        |         |         |             |            |        |
| 1980-90        | 0.93   | 1.17    | 1.12    | 1.15        | 0.90       | 1.31   |
| 1999-2000      | 0.77   | 0.80    | 0.74    | 0.56        | 0.48       | 0.54   |
| 2000-06        | 2.19   | 1.28    | 0.50    | 0.89        | 1.69       | 1.23   |

Note: Growth rates are ‘trend’ growth rates and are computed after deflating total revenue by state gross domestic product deflators (base 1993-94) for the respective years.

Note and Source: Same as Table 7.2.

During the decade of 1990s, the revenue generating capacity of the Punjab state has improved a little when, on an average, during this decade, the ratio of total revenue to state GDP has improved marginally from its earlier average level during the decade of the 1980s. Its total revenue, during this decade, has risen at the growth rate of about 4 percent with the buoyancy of 0.77. Such revenue performance seems to be somewhat satisfactory in comparative inter-state analysis. Though a glance at the ratio of total revenue to the state GDP and the growth rate of total revenue have not revealed such robust performance of the Punjab state but when we consider the aspect of revenue buoyancy, Punjab has emerged as one of the better performing states. Though during the 1990s, all the states have witnessed a decline in their revenue buoyancy, the decline has not been that sharp in the case of Punjab which reveals that Punjab has enjoyed a relatively better revenue mobilisation during this decade. Moreover, Punjab has remained only next to Haryana in this aspect.

The revenue generating capacity of Punjab has gained further boost during the post-2000-01 period when the ratio of total revenue to the state GDP has improved to a considerable extent which has placed Punjab at the top among these states. In terms of growth rate of total revenue, the state has recorded somewhat similar pattern but in this respect, it has got the second position.
Tamil Nadu, Gujarat and Haryana (during the 1990-95 period); Kerala and Tamil Nadu (during the 1995-2000 period) and Kerala and Tamil Nadu (during the 2000-06 period).

- Punjab's expenditure on miscellaneous general services has been the highest during the 2000-06 period.

Thus, we have observed that the Punjab state is sound in terms of its resource mobilisation. There are problems on the expenditure side. No doubt, the state has to make huge interest payments besides meeting other non-developmental expenditures. Consequently, its expenditure on developmental activities has reduced over the period of time. However, the analysis on Punjab state's expenditure pattern remains somewhat incomplete unless it is supplemented with some concrete examples highlighting the irrational use of public funds by the state in Punjab. So, we provide a few illustrations to reveal state's fiscal irrationality.

### 7.6.2 Fiscal Irrationality of the State: A Few Illustrations

#### A. Execution of Public Sector (Economic) Projects

Though there are not many mega projects undertaken by the state due to very limited capital expenditure, there are a few (primarily in the energy sector) revealing inherent flaws. The Punjab State Electricity Board (PSEB) has allocated a large amount of resources for expansion of generation capacities. But, the resources allocated for building up adequate generation potentials have not been utilized properly. The lack of commitment to complete projects within the stipulated time period has led to unnecessary delays. In the case of hydro power development, for example, the process of completing projects like the Ranjit Sagar dam, the Shahpur Kandi dam, Satluj-Yamuna Link canal and Upper Bari Doab canal (UBDC) etc. is still continuing. Though the Ranjit Sagar dam has been completed partially, the targets envisaged are yet to be achieved. The plant is not able to generate targeted quantum of electricity without the completion of the Shahpur Kandi Project.

Various excuses ranging from economic, social, technical to political have been made by the board to justify these delays in project completion. But, the real causes are lying somewhere else. Frequent revisions in the estimated cost of completing projects point towards the political economy of corruption responsible for these delays. Also, these frequent cost revisions raise doubts on the financial planning that the board has pursued over the years. These delays have imposed huge cost burden.\(^{21}\) There has been an opportunity loss too. If the projects

---

\(^{21}\)The cost of Ranjit Sagar Dam got escalated from a mere Rs. 8.5 crore to Rs. 2000 crore (The Tribune, 27th November, 1998)
could have been completed in time, their efficient operation could have provided electricity much earlier to satisfy growing power requirements and a large part of dearer imported electricity could have been avoided (Jain, 2008a).

While talking about the mismanagement of public funds in undertaking mega projects, a recent example is of the oil refinery at Pholo Khary village in Bathinda district. This project was initiated with the central-state cooperation by the NDA government but over the years, this project had to bear the brunt of changing political regimes at the centre and the state. Consequently, its completion got delayed. Recently, the business tycoon Laxmi Mittal has shown some interest but with changing business situation due to global financial crisis, no much strong initiative is coming from that side as well. There are many more issues related with this project. What is interesting here to notice is that the delayed completion of projects has imposed time and cost overruns on the Punjab economy.

A large number of other economic projects also fall in this category where underlying corruption has been the major factor for mis-utilisation of public funds. Flyovers that remained incomplete due to non-clearance from the Ministry of Railways on account of implicit technical flaws reveal another source where public funds has gone to waste merely on account of corrupt contractors, bureaucrats and politicians. Similarly, another illustration revealing the wastage of public funds is provided by Shaheed Beant Singh Punjab Institute of Medical Sciences at Jalandhar which have remained vulnerable to the whims of political leaders and even after its completion, it have not served the purpose of public welfare with which it has been initiated; rather it has been handed over to the private sector (for economic gains) and consequently, the implicit objectives of public welfare and research has become more expensive and doubtful, as opined by a large number of experts (Pal, 2008).

B. Fund Distribution during Sangat Darshans

Another illustration revealing the misuse of public funds is of the Sangat Darshan programme22 followed by the SAD Chief Minister Prakash Singh Badal during his tenure (1998-2001) and recently (during 2008 onwards).23 Though this programme bearing the 'development mark' seems to be the decentralised form of distributing public funds to the needy Panchayats, but, in practice, it has turned into a major source of corruption (Walia, 2003).

Actually there have been fundamental flaws in such practice of distributing funds. The state has hardly asked the Panchayats to submit their developmen-

---

22The Sangat Darshan programme involves the direct meeting of Chief Minister with the common people who can put their complaints in front of him. In fact, this programme has aimed at addressing and solving the problems of the people at the spot.

23This programme has been followed to some extent by Congress party on the eve of its tenure in 2007-08.
tal plans with accurate accounting of its cost and time estimates. Rather, the Panchayats have been provided funds as per the whims of the Chief Minister. It is also noteworthy that Chief Minister's approach for distributing public funds through such programme has not been non-discriminatory. He has strongly favoured his party men and the regions. By the estimates provided by finance accounts of the Comptroller and Auditor General of India, it has become evident that during the period from June, 2000 to December, 2001, as many as Rs. 308.09 crore have been disbursed during Sangat Darshans. A large part of these funds have not been used for strengthening the productive asset base of the rural areas; rather a large number of Panchayats have constructed Dharamshalas, religious buildings etc.24

It is pointed out by Dhaliwal (2004) that "the funds were disbursed without any guidelines. Further, money from various development funds was disbursed mainly for other purposes thus violating the guidelines under which developmental funds were to be spent. Contrary to the rules governing the funds in the Rural Developmental Fund (RDF) and the Punjab Infrastructure Fund (PIF), all administrative and financial powers were entrusted to the Chief Minister..... Funds were released to such agencies which were not authorised to execute the works..... No criteria were laid down for the disbursement of funds during the programme. There were instances of unequal distribution of funds and favour to particular areas. At certain places, funds were distributed without any survey and identification of beneficiaries and without assessing the requirements.” It is noteworthy that such programme bearing the 'development' mark has contributed to the lost welfare opportunity that the state could have attained by allocating these funds into some welfare fund that could have provided regular financial help to the deserving ones.

C. Inadequate Collection of User Charges

State under the influence of pressure group politics has remained a major source of economic gains to the farmers as its collection of user charges for various state services has been not only inadequate but also in a few cases like water and electricity, it has been absolutely free. Earlier as populist measures, the state used to collect electricity charges on flat rate basis but during its tenure in the late 1990s, the ruling SAD government, among other things, had announced the non-collection of electricity charges from the farmers in addition to the announcement of ‘Own Your Transformer’ (OYT) scheme. Such populist measures remained halted, to some extent, during the Congress regime but these have re-continued during the current SAD regime. The populist measures of free elec-

24Such practice of distributing public funds has also been criticised by eminent economists but the then ruling party has gone to the extremes of using political harassment to these experts (personal observation at the campus of Punjabi University, Patiala during 2000).
tricity supply have burdened the state electricity utility, viz. the Punjab State Electricity Board (PSEB) to the tune of hundreds of thousand crores of rupees every year.\textsuperscript{25}

Nevertheless, one could have seen some rationale behind such provision of electricity subsidy if it could have facilitated the small and marginal farmers but the available evidence indicates the cornering of electricity subsidy benefits not only by the medium and large farmers but also by the progressive areas (Jain, 2006). The Punjab state is still pursuing the policies like OYT scheme but these are found to be of no use as most of the farmers are feeling dissatisfied and looted by such schemes (Dhaliwal, 2008).

Besides the farming community, the state has also benefitted the corporate sector. It has evaded taxes, stamp duties etc. to the large concerns. It has also relaxed its collection of registry fee from a number of private companies for the sake of bringing mega projects to the state on the pretext of generating employment opportunities but such measures have done little to mitigate the unemployment situation in the state as a majority remains disguisedly employed in the agricultural sector.

Another perplexing illustration of the state supporting the corporate world is revealed by the fact that the state during the Congress regime has acquired 376 acres of land in a “forcible manner” for Abhishek Industries Limited, known as Trident Group, in three villages, viz. Dhaula (103 acres), Fatehgarh Chhanna (217 acres) and Sangherra (56 acres). Such state enforcement has raised the ire of farmers against the Congress regime supporting capitalist bourgeoisie and consequently led into a number of agitations organized by various farmer organisations (Goyal, 2006).

\section{7.7 Concluding Remarks}

Thus, this chapter has revealed the incidence of vulnerability in other segments of the Punjab economy. It has also highlighted the nature of social welfare schemes run by the state. Following which, it has provided a detailed analysis of the magnitude of social welfare effort made by the state in absolute sense as well as in comparison to other states like Haryana, Gujarat, Maharashtra, Tamil Nadu and Kerala. Having found the lack of significant social welfare effort that one could have expected to happen in the case of Punjab due to its relatively high economic status, we have undertaken an inquiry, with a political economy perspective, to explore the responsible factors.

\textsuperscript{25}It is reported that the subsidy burden on account of free power to farmers and other consumers has increased from Rs. 873 crore in 2004-05 to over Rs. 2800 crore in 2007-08 (Singh, 2008).
It is found that the dominant political leadership has remained influenced by interest-group politics and consequently, the social welfare of the deprived and vulnerable has never been on the agenda of the state government. We substantiate this analysis by understanding the societal dynamics and inherent conflicts emerging from religion and caste-based differences. We find that the Punjabi society has remained fragmented and unable to pressurise collectively the state for fulfilling its social welfare obligations.

We have also found that the lack of economic resources has not been the major cause for very low level of social welfare expenditure as the state's revenue mobilisation capacity has been quite sound and sustainable over the period of time. In fact, it has improved significantly during the recent period. The problem is with state's expenditure pattern. A large proportion of its expenditure is undertaken on various non-developmental activities. Moreover, the state polity has shown irrationality in its fiscal behaviour - as revealed by a few illustrations in this chapter.