

A critique of *Tehelka's* dismissal of a Vibrant Gujarat

A universally accepted poverty line...

...does not exist

So says the United Nations.

One needs to be careful while making assertions (via Desipundit). The one-dollar-a-day measure just measures the number of people who earn less than one US dollar a day.

Gujarat has found a simple way of showing a decline in poverty figures. It has redefined poverty lines for both rural and urban areas. So you would be counted as poor in a Gujarat town if you earn Rs 541.16 a month (\$0.45 a day) or less. In a Gujarat village, the figure is even lower — Rs 353.93 a month or 30 cents a day. Most of the other states, including the poor ones like Jharkhand, keep the poverty net wider. The internationally accepted figure is a dollar a day. This removes large numbers from the BPL list and prevents them from receiving the benefits of poverty alleviation and development programmes. [Shivam Vij/Tehelka]

There is nothing irregular about different figures for rural and urban poverty—all Indian states follow this practice. Also, according to the Planning Commission's report dated March 2007, the equivalent national figures determining the poverty line are Rs356.30 per month (rural) and Rs538.60 per month (urban). That too is below the 'internationally accepted figure'. Shivam does not tell his readers that no state in India follows the 'internationally accepted figure'.

The one-dollar-a-day measure is on purchasing power parity terms and it is therefore incorrect to convert it into rupees at the current exchange rate. Also, poverty lines for states are set by the Planning Commission and not by the states.

Selective *Tehelka* and public health in Gujarat

If you don't pick and choose the facts, a different reality emerges

In the previous post we saw how Shivam Vij missed telling his readers something about India's poverty lines that he should have. In this one we will see another dubious technique: picking and choosing facts to arrive at unfounded conclusions.

According to the third round of National Family Health Survey, anaemia and malnutrition in Gujarat have in fact increased from the second round by a sharp 60 percent. For instance, in the 6-35 month age group for children, the percentage of anaemia has gone up to 80.1 percent in 2005-06 from 74.5 percent in 1998-99. Incidentally, Gujarat is taking the lead in privatising public health infrastructure. [Shivam Vij/Tehelka]

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Now public health professionals will tell you that if you want to capture the picture of public health standards in a particular area in a single indicator, you will look at infant mortality rates [See National Family Health Survey Round Three]. So when you see something else being quoted, you immediately decide to look at infant mortality. And you discover that in the case of Gujarat, the infant mortality rate has dropped from 63 per 1000 live births 1998-99 to 50 per 1000 live births in 2005-06. The national figures are 68 and 57 respectively. Gujarat, it turns out, did better than the national average. Gujarat also showed improvements in family planning and maternity care, with institutional births increasing from 46.35 to 54.6%. The fact that more expectant mothers seek medical care is a better indicator of the ('incidentally privatised') public health infrastructure than anaemia and malnutrition.

But have anaemia and malnutrition not risen in Gujarat. They have. But not only in Gujarat. While India's national public health indicators have been improving, it turns out that the anaemia rate in infants and young children has increased: from 74.2% in 1998-99 to 79.2% in 2005-06. Gujarat is part of a national trend. It will be interesting to examine why this is so, but we can't single out Gujarat alone on account of childhood anaemia. Malnutrition though, as measured by children under 3 years who are underweight, has risen in Gujarat (from 45.1% to 47.4%) while the national average has improved (from 47% to 45.9%). (Malnutrition, by the way, is not merely a result of poverty. It is also the result of lack of information. Gujarat's policymakers may not be focusing on this angle, as otherwise the increase in awareness of HIV/AIDS from 30% to 49% demonstrates that the state has the capacity to improve information)

The reality, it turns out, is more complex than Shivam would have his readers believe. But then it wouldn't cause a sensation, would it?

Is Gujarat's rural-urban gulf really widening?

Where's the data to prove it?

In previous posts we saw how selective obfuscations and revelations were used to arrive at conclusions that are inconsistent with the facts. Here we look at an example of another technique—suggesting a trend when there is insufficient evidence of one.

Planning Commission figures show that the gulf between the rural and the urban population in Gujarat is only widening. The state has 63.49 lakh (19.1 percent of the rural population) BPL people in rural areas as compared to 27.19 lakh (13 percent of the urban population) in cities. Thus, despite the jugglery of BPL figures, Gujarat's rural BPL population is greater than that of urban areas, both in percentage and absolute terms, just like Bihar, Uttar Pradesh or Jharkhand. [Shivam Vij/Thelka]

The Planning Commission's figures show that Gujarat has a lot more poor people in its villages than in its cities. It also shows that 2 in 10 people in the villages are poor, while roughly one in 10 city dwellers is poor. These figures do not suggest that the gulf between the rural and urban population is widening.

To make a prima facie case that the gulf is widening, one needs to look into previous years' figures. The onus of proof is on the one who is making the argument. If there is such data available then they should have been stated in the article. We already saw

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that there was no jugglery in the BPL figures. But we can see some jugglery here: in drawing a trend when the evidence offered shows none.

Why Gujarat's farmers want to quit

Better pay elsewhere

This is fourth in the series of posts examining some really poor analysis of economic statistics of the state of Gujarat. In this we will look at a technique called analytical gymnastics (or jumping from one conclusion to another).

According to the census of 2001, roughly 46 percent population of the state is dependent upon agriculture (27.67 percent cultivators and 17.91 percent agricultural labourers). Together they contribute only 15 percent to the state's GDP, while industry and services contributes 39 and 46 percent, respectively. Consequently, there has been a gradual decline in food grain production (from 65.71 lakh tonnes in 2003-04 to 51.53 lakh tonnes in 2004-05), raising doubts about the food security of small and marginal farmers. An NSSO survey in 2005 found 40 percent of the farmers saying that given an option, they would give up agriculture. [Shivam Vij/Thelka]

In 1999-00, across India, agriculture accounted for 60% of the share in employment but about 25.3% share of GDP. Since then, the share of agriculture in the GDP has been falling. It's around 20% now, but the share of employment has remained roughly the same.

Shivam betrays a common fallacy: the notion that farmers should always remain farmers. Even when the farmers of Gujarat are saying that they'd prefer not being farmers. As the figures show, there's better money to be made in industry and services in Gujarat.

Connecting low agricultural productivity with a fall in food grain production is one huge leap of logic. Not all farmers grow food crops. Farmers decide on what to plant depending on the returns they get. If cash crops are expected to fetch a better price than food crops, then a rational Gujarati farmer would grow cash crops. Gujarat, it so happens, is "predominantly a non food crop economy with preponderance of groundnut, tobacco and cotton". So we can't tell much about the state of Gujarat's agriculture by looking at a decline in the production of food grains.

But why should a fall in the state's food grain production be a cause for concern? The connection with food security is bogus: it is always for Gujarat to buy its food grains from other states, or even import it from abroad. Food security improves with rising incomes. And you can't raise incomes if you insist farmers must remain farmers and further, they should grow foodgrains.

An electrified state of affairs

Gujarat's power sector is better than most Indian states

In the fifth instalment of the series on Tehelka's dubious analysis of Gujarat's economy, let's look at what Shivam writes about the power sector:

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The Gujarat government repeatedly advertises that it is the country's only electricity 'surplus' state, even selling power to neighbouring states. But the Gujarat Urja Vikas Nigam Limited said in April 2007 that the state was facing a shortfall of 900 mega - watts. While cities continue to get uninterrupted power, rural areas often face shortfalls. Many rural areas get only 4-5 hours of power supply a day, badly affecting irrigation during the sowing season. [Shivam Vij/ Tehelka]

As Shivam concedes, urban areas already get uninterrupted power—no mean achievement in India. What he doesn't mention is that Gujarat is the first of only five states to have achieved 100% rural electrification. The national average is only 44%. In a well-researched article in Business Line, Virendra Pandit writes "people in most towns and cities have not known load-shedding or power cuts for a long time, although due to rise in demand during harvesting season, power supply is sometimes rationed in rural areas". The complete picture is that there is some power rationing during peak periods in rural areas: 'often' (according to Tehelka) or 'sometimes' (according to Business Line) are subjective assessments. One objective fact, according to the state government's socio-economic review for 2005-06 is that 9863 of the 18056 villages, or more than 50% of the total number, acquired access to continuous power supply in the between 2004-2006. And as the Business Line article suggests, there's a lot of power in the pipeline.

But what about Gujarat Urja Vikas Nigam's statement about the 900 MW shortfall? Shivam doesn't tell you the whole story. On April 7th this year, the Indian Express reported: "A day after state was hit by severe power crisis with 900 MW power supply falling short after few power generating units at different plants failed to operate at full capacity level owing to technical problems, GUVNL authorities on Sunday refused to come out clear on the issue...It is noted that on Saturday, around 900 MW power shortages was reported when power generation units at Akrimota project, Vanakbori, Gandhinagar and Ukai power plants developed technical problems". The shortfall was not due to lack of installed capacity, it was due to technical faults.

Seen in the context of the mess that most Indian states had made of the power industry over the last decade, Gujarat's performance in the power sector is the real tehelka. But not the type that Tehelka would like.

Of investments and employment

Gujarat has been drawing in investments and creating jobs in the private sector. But is it sensational?

In this, the sixth instalment of a series on Tehelka's attempt to paint Gujarat as 'just another socio-economically vulnerable state', we look at the presentation of investment and employment figures.

The jugglery of figures extends even to the most hyped aspect of "Vibrant Gujarat" — investment from corporates. Modi claims that MoUs worth Rs 4,60,000 crore have been signed with private industry and investment worth (Rs 2,00,000 crore) has been received. But these declarations take a long time to materialise. For instance, in a written reply to the consultative committee of the General Administration Department, the chief minister admitted that out of a total of Rs

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66,068 crore worth of MoUs signed during 2003 and Rs 1,06,16 crore during 2005, only Rs 25,450 crore worth of investments till January 2007 and only Rs 13,170 crore, respectively, have fructified so far.

Despite these investments, employment has remained stagnant. That is because Gujarat has as many as three lakh small-scale industry units. Many of them are languishing as only a paltry Rs 115.20 crore has been invested in them in the past five years. [Shivam Vij/Tehelka]

There is nothing unusual at all about investments being spread over a number of years. For instance, POSCO's Rs 52,000 crore investment in Orissa—touted as India's largest FDI project—is spread over 10 years. As a commitment, an MoU is non-binding, and constitutes only an understanding that a certain amount will be investment. That said, an MoU is better than no MoU, isn't it?

What about employment being stagnant due to the presence of small scale industry units? Going by the Gujarat state government's socio-economic review, total employment as of end-2004 at 1.66 million is lower than that for year 1999 (1.73 million). But before you conclude that this is evidence of stagnation, let's look a little deeper. What has happened during this time is that the number of public sector jobs have fallen from 932,000 to 824,000, while the number of private sector jobs have risen from 795,000 to 836,000. Between 2000 to 2005, the number persons registered at employment exchanges has fallen from 855517 to 757234 (educated jobseekers), and from 212234 to 118479 (uneducated jobseekers). Not stellar growth, but not stagnation either. The growth in private sector jobs not only supports the Gujarat's investment story, but the drop in public sector jobs is good news from the public finance perspective.

Shivam is right about small scale industries coming in the way of a massive growth in employment. It so happens that this is largely due to the central government's labour laws. Gujarat then could be a victim of the UPA government's inability to reform India's labour laws.

In sum: Make development the key electoral issue

And, yes, less Tehelka please!

In the last six posts we saw how it was Tehelka that juggled facts and figures in order to poke holes into the "Vibrant Gujarat" story. In the concluding piece of this series, let's take stock of where we are at the end of our examination of Shivam Vij's article.

There is no truth to his claim that Gujarat's poverty reduction figures are the result of it shifting the goalposts. He presents insufficient evidence to prove his claim about the public health systems failings. In contrast, the reduction in the infant mortality rate—the barometer of a public health system—suggests that public health delivery is likely to have improved. His argument on the widening rural-urban divide falls flat for want of evidence. He makes wrong associations to imply causal links between low agricultural productivity and a decline in the state's production of foodgrains, while falling into the illiberal trap of denying farmers a way out of agriculture. He offers incomplete facts to mischaracterise Gujarat's power sector, which happens to be among the best in the country. And he dismisses the state's investment and employment record without bothering into such inanities as facts. We saw that the UPA

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government's inability to reform India's restrictive labour laws is hurting Gujarat's ability to translate the investments it is attracting into more jobs for its people.

Shivam is on firmer ground on the Sardar Sarovar project: according to the Comptroller and Auditor General's report, the state's water authorities diverted water designated for "drought prone areas" to the urban areas of Gandhinagar. It is good to see Tehelka—whom one would usually associate with the anti-dam agitation—making these arguments. Similarly, Shivam might have a point when he talks about people displaced by development, underscoring the need for India to make its property rights regime more robust.

Where does this leave us? Well, that apart from some clever jugglery of facts, Tehelka doesn't really offer enough evidence to support its conclusion that Gujarat is 'just another socio-economically vulnerable state'. The Congress party in Gujarat, Shivam writes, "wants 'development' to be the key issue in the elections". More power to it. The interests of Gujarat's electorate will be best served if it can present robust and well-supported arguments to argue where and how the state could have done better. Now that would cause some Tehelka, wouldn't it?