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# *Regional Perspectives from South Asia*

RAMA V. BARU  
*South Asian Regional Editor*

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This issue of *Global Social Policy* sees the introduction of a new element – Regional Perspectives. The Regional Perspectives section is a space for our Regional Editors to report on key developments or issues from their regions of the world. The substance of each piece will vary according to the perspective of the Regional Editors from different parts of the world. We are very pleased to have the first Regional Perspectives piece written by our colleague Rama V. Baru, who has been instrumental in developing the journal in South Asia. We look forward to all future contributions.

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The last three decades have witnessed changes in the financing and provisioning of welfare services globally that have been influenced by a heightened role for markets. Whether in health services, education, pensions or other welfare provisions, the debate regarding the effectiveness of markets and states has assumed centre stage among researchers, activists and policy makers. The intensity and depth of these debates has varied across different regions of the world. In the South Asian region there have been fairly vibrant debates regarding the changing role of the state and effectiveness or non-effectiveness of markets. At the core, the values of equity, universality and quality have guided the debates surrounding the relative merit of state and markets in social sectors. The issue is indeed a complex one because most of the countries in the South Asian region were liberated from colonial rule during the first half of the twentieth century, after which they proceeded to build public welfare services. Among the various South Asian countries, India and Sri Lanka invested substantially in education and health while some of the others had made meager investments in these sectors. Until the 1970s, there was a commitment towards public investment in welfare services and the state

was the main player across most South Asian countries. The investments made in welfare services were by no means small for these countries considering the competing demands made by 'productive sectors' like agriculture and industry.

Despite all the constraints, all of the South Asian countries did invest in social sectors but there was variability in terms of the extent of financing and provisioning of these services. Even before the public services could be consolidated most of these countries were affected by the world recession of the late 1970s and this directly affected investments in the social sectors that were considered 'unproductive'. The stagnation and decline of public expenditures affected institutional and manpower growth in the public sector and therefore could not keep up with increasing demands. This resulted in the further weakening of public services in most South Asian countries. There was considerable variation across countries in this region in terms of strengths and weaknesses in public services. While India and Sri Lanka had relatively stronger public services, Nepal, Pakistan and Bangladesh had weak financing and provisioning of public services. The weak base in welfare provisioning was further eroded during the 1980s and 1990s with the rise of markets and a strong critique of the state in the social sectors. What in effect happened was that market principles were injected into hierarchical paternalistic institutions that created huge problems of governance in terms of access and quality of services. The decades of the 1980s and 1990s witnessed stagnant or even declining public expenditures, growth of markets, introduction of market principles into public services and growing concerns regarding the accountability and effectiveness of social services.

There is much variation in the growth of markets in the social sectors across countries in the South Asian region. India has the largest market in the social sectors whether in health, education, infrastructure or others. If we take health as an example, the growth of markets has been largely confined to individual practitioners but institutions at the secondary and tertiary levels relatively less so, across most countries. Sri Lanka has some growth at the tertiary level in the form of large corporate hospitals, restricted to Colombo. India is the only country in the region that has a large private sector at all levels and there are corporate enterprises that have set up hospitals in Sri Lanka, Nepal and Bangladesh. Apart from the 'for profit' sector there has been a steady increase in the 'non-profit' sector during this period. There has been an increase in the quantum of foreign funding to the non-profit sector during the last three decades that has played a significant role in provisioning, advocacy, research and policy. The discourse has now shifted from state provisioning to public-private partnerships between the government and 'for-profit' and 'non-profit' organizations.

The trends in privatization of social services have raised an important issue regarding the decline in quality of public services, which in my view has not received adequate attention. After the initial euphoria over the efficiency of

markets during the 1980s and 1990s, there have been many instances of market failures or only partial success in delivery of social services. There is evidence from different parts of the world that privatization has led to the exclusion of certain social groups from access to basic services. This evidence has resulted in a growing recognition of the importance of the state in delivery of social services and therefore the need to revitalize it. A number of reform initiatives, both externally and internally driven, have tried to revitalize public services with only partial success. Sri Lanka is the outlier in terms of strong public services and has withstood the onslaught of privatization. While Sri Lankans comment on the gradual decline of public services, it is in no way comparable to the other countries in the region. The other countries have started with a weak base and this has been further eroded during the last three decades. The reasons for this erosion must be analysed in terms of structures and processes. The structural reasons are largely related to inadequate public financing and the growth of markets both within and outside the public services. The social processes include the changes in the patterns of consumption and expression of demands of the different social groups. In some countries like Sri Lanka and India, the growth of middle classes has led to a shift in preferences from public to private services. This has created a 'demand' for the growth of markets while at the same time the 'exit' of the middle classes from public provisioning has led to its abdication, resulting in poor quality of services. In Pakistan, Nepal and Bangladesh, polarized between the rich and the poor, the state of public services is very weak and the scope for markets is small. Clearly the lesson to be drawn is that none of these countries can do away with public provisioning but given the political scenario markets are also here to stay. Given this scenario, social policy needs to be much more creative in redefining the role of markets and state in the provisioning of social services.

#### BIOGRAPHICAL NOTE

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