

COMMENT

More Privatisation

THE PLANNING COMMISSION has suggested that government schools, hospitals and other social services should be given out to private contractors just as PWD gives out contracts for making roads. The Commission had set up a Sub-Group on Public-Private Partnership in Social Sector. Report of the Group says that the fundamental problem of delivery is that government provision is monopolistic in character. The bureaucracy takes liberty to indulge in lethargy, corruption and high handedness because people have no alternative but to put up with their misbehaviour. The Group report further says that giving out to contractors should not be seen as privatisation. The control will remain with the government and contractors will have to follow the rules and directions given by the government. Providing services through contractors should be seen as administrative reforms rather than dilution of role of the government.

This observation indicates that the solution will lie in dismantling government monopoly. Giving out provision of the services to contractors does not attain this end. Rather, government monopoly is replaced with contractor monopoly. Teachers appointed by the contractor may be just as inefficient, disinterested and corrupt as those appointed by the government.

As for administrative reforms implication is that commanding- and monopolistic position of the government will remain intact. Accordingly all problems associated with monopolistic provision will remain.

The Planning Commission says that competitive bidding in selection of the service provider will lead to improvement. Experience is that government provision despite so many hardships is still better than private provision in certain sectors. Insurance agents tell that government insurance companies will generally pay full claims even though they may take longer time in doing so. Private insurance companies will try to pay less by using one tactic or other. Consumers have often complained about excessive billing by private telecom companies. Such complaints are rare in state run MTNL and BSNL. Government teachers are generally much more qualified and competent. Private contractors may appoint less qualified teachers to cut their costs. Government system is impersonal, qualified but slow and highhanded. Private providers are less competent and more money minded but maybe more efficient in certain spheres.

The Planning Commission says that "the monopoly like situation of a public service is kept under check through the process of monitoring and evaluation. This can be further supplemented through putting in place 'independent regulatory systems' to protect the consumer's interests." True. But the same could be done with respect to the present government employees. They could also be kept under check by monitoring and evaluation. It may be as difficult to monitor the contractors. Contractors are able to get substandard materials accepted in government purchases by giving bribes as seen in the collapse of a foot bridge made for the Common Wealth Games. The same is likely to happen in contractor-led provision of health and education.

Replacing tyranny of the government by tyranny of the contractors is no solution. Indeed the two tyrannies could together sometimes empower the people just as dispute between two thieves exposes both.

World Bank data says that government expenditure on health in India accounted for only 17 percent of the total expenditure on health. Situation in education is similar. The welfare mafia of government teachers and doctors has captured this government money. Now the Planning Commission wants to create another mafia of contractors. □□□