Role of the State

MCR HRD Institute, Hyderabad

28th October, 2026

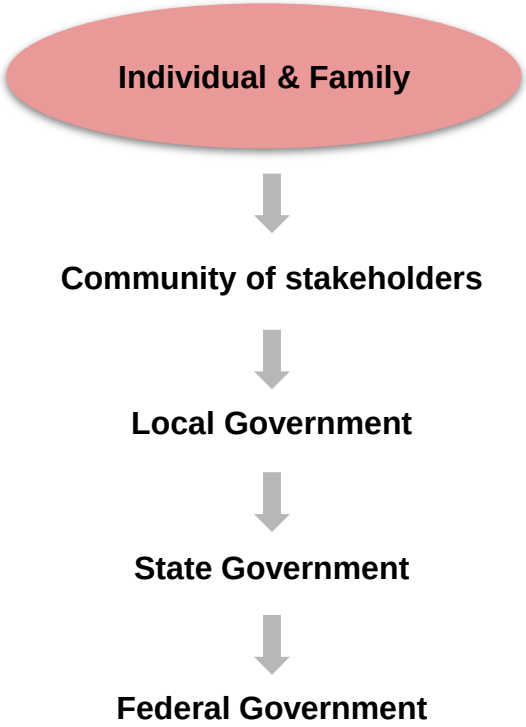
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"The purpose of a government is to make it easy for people to do good and difficult to do evil."

— William Gladstone

Why do we need a state?

Citizen *vs* State



Strong state → *Authoritarianism*

Weak state → *Anarchy*

Citizen-centered enabling state

Core Functions of the State

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Rule of Law	**Public Order**	**Justice**	**Basic Amenities**
Infrastructure	**Education**	**Healthcare**	**Sustainable Natural Resource Development**

The Indian Experience – pre 1991

License-Permit-Quota raj & direct effects of state monopoly

- Economic freedom ↓
- Competition ↓
- Taxation ↑
- Scarcity ↑
- Price controls & Arbitrage ↑
- Centralisation ↑
- Dependence on the state ↑
- Service delivery ↓
- Rent seeking & corruption ↑
- Core functions of the state ↓
- Populism ↑

The Indian Experience – post 1991

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Positives

- Monopoly & PSU role ↓
- Competition & choice in consumer goods ↑
- Role of state governments ↑
- Focus on infrastructure ↑
- Prudent fiscal management ↑

Unfinished Tasks

Core functions still neglected	Doing business in India is still difficult	Local Governments are still weak
Opportunity denied to most people – education, healthcare, rule of law	Minimal productivity increase	Service delivery is still poor
Deepening rural & agrarian crisis	Shifting corruption	Growing distortions in the political process – money power, populism, polarisation

Core State Functions – Where does India stand?

COMPARISON OF VARIOUS DEVELOPMENT INDICATORS AMONG 50 LARGE ECONOMIES

Rank	GDP Per Capita (PPP, 2019)	Life Expectancy (2019)	IMR (2019)	MMR (2017)	Out-of-Pocket-Expenditure on Healthcare (2018)	EYS (Expected Years of Schooling, 2019)	MYS (Mean Years of Schooling, 2020)	HDI (Human Development Index, 2020)	Power Consmuption (Kwh Per capita, 2019)	Employment in Agriculture (% of total employment, (2019)	LFPR (Labor Force Participation Rate - female, 2018)
1	Switzerland	Hong Kong	Hong Kong	Hong Kong	South Africa	Australia	Germany	Norway	Norway	Singapore	Sweden
2	Ireland	Japan	Japan	Italy	France	Belgium	Canada	Ireland	Canada	Argentina	Switzerland
3	Norway	Switzerland	Finland	Norway	Netherlands	Sweden	Switzerland	Switzerland	Sweden	Hong Kong	Vietnam
4	Singapore	Spain	Norway	Poland	United States	Finland	United States	Hong Kong	UAE	Belgium	New Zealand
5	United States	Singapore	Sweden	Czech Republic	Thailand	Denmark	United Kingdom	Germany	United States	Israel	Netherlands
6	Denmark	Italy	Singapore	Finland	Ireland	New Zealand	Israel	Sweden	Finland	United Kingdom	Finland
7	Australia	South Korea	Czech Republic	Israel	Germany	Ireland	Norway	Australia	Taiwan	Germany	Denmark
8	Netherlands	Sweden	Spain	UAE	UAE	Netherlands	Finland	Netherlands	Saudi Arabia	United States	Norway
9	Sweden	Australia	Italy	Denmark	Japan	Norway	Japan	Denmark	South Korea	UAE	Canada
10	Austria	Norway	South Korea	Spain	New Zealand	Argentina	New Zealand	Finland	Australia	Canada	Germany
11	Finland	Israel	Belgium	Sweden	Denmark	Spain	Australia	Singapore	New Zealand	Sweden	Peru
12	Hong Kong	France	Austria	Austria	Sweden	United Kingdom	Czechia	United Kingdom	Singapore	Norway	Australia
13	Germany	Ireland	Ireland	Belgium	Czech Republic	Germany	Ireland	Belgium	France	Netherlands	United Kingdom
14	Belgium	Canada	Israel	Ireland	Norway	Hong Kong	Denmark	New Zealand	Switzerland	Denmark	Portugal
15	Canada	Netherlands	Australia	Japan	Saudi Arabia	Czechia	Austria	Canada	Israel	Saudi Arabia	Japan
16	Israel	Austria	Portugal	Netherlands	Canada	Turkey	Poland	United States	Austria	France	Austria
17	UAE	Finland	Germany	Switzerland	Colombia	Taiwan	Sweden	Austria	Czechia	Australia	Czech Republic
18	New Zealand	Belgium	Denmark	Australia	United Kingdom	South Korea	Netherlands	Israel	Japan	Switzerland	Singapore
19	United Kingdom	New Zealand	Netherlands	Germany	Turkey	Portugal	Hong Kong	Japan	Belgium	Czech Republic	Israel
20	Japan	United Kingdom	Switzerland	United Kingdom	Australia	Singapore	South Korea	South Korea	Netherlands	Japan	Spain
21	France	Denmark	United Kingdom	France	Austria	Chile	Russia	Spain	Russia	Austria	Russia
22	Italy	Germany	France	Portugal	Finland	Switzerland	Belgium	France	Germany	Finland	China
23	South Korea	Taiwan	Poland	Singapore	Belgium	United States	UAE	Czech Republic	Ireland	Italy	France
24	Spain	Portugal	Taiwan	New Zealand	Romania	Poland	Taiwan	Italy	Spain	Spain	United States
25	Taiwan	Chile	New Zealand	Canada	Poland	Canada	Singapore	UAE	China	Ireland	Ireland

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27	Portugal	United States	Russia	South Korea	Spain	Austria	Romania	Portugal	Malaysia	South Korea	Hong Kong
28	Saudi Arabia	UAE	United States	Chile	Italy	Italy	Argentina	Saudi Arabia	Denmark	South Africa	Belgium
29	Poland	Poland	Saudi Arabia	Russia	Brazil	Saudi Arabia	Chile	Chile	Hong Kong	Portugal	Poland
30	Chile	Turkey	Romania	Saudi Arabia	Argentina	France	Italy	Argentina	Italy	Russia	Brazil
31	Romania	Colombia	Chile	Turkey	Switzerland	Brazil	Malaysia	Romania	United Kingdom	New Zealand	Colombia
32	Russia	Thailand	UAE	Uruguay	Peru	Japan	Spain	Russia	Poland	Chile	South Korea
33	Malaysia	China	China	Romania	Portugal	Russia	Saudi Arabia	Turkey	Chile	Brazil	Argentina
34	China	Argentina	Malaysia	China	Singapore	Peru	South Africa	Malaysia	South Africa	Poland	Romania
35	Mexico	Peru	Thailand	Malaysia	Hong Kong	Thailand	Peru	Mexico	Turkey	Malaysia	Chile
36	Argentina	Malaysia	Argentina	Mexico	South Korea	Mexico	Philippines	Peru	Argentina	Mexico	Italy
37	Turkey	Brazil	Turkey	Egypt	Chile	Colombia	Portugal	Thailand	Romania	Colombia	Indonesia
38	Brazil	Romania	Peru	Thailand	Indonesia	UAE	Mexico	Colombia	Brazil	Turkey	Malaysia
39	Thailand	Vietnam	Colombia	Argentina	Malaysia	Romania	Colombia	Brazil	Vietnam	Egypt	South Africa
40	Peru	Mexico	Mexico	Vietnam	Taiwan	China	Viet Nam	China	Thailand	Romania	UAE
41	Colombia	Saudi Arabia	Brazil	Brazil	China	South Africa	Indonesia	Indonesia	Mexico	Philippines	Taiwan
42	South Africa	Russia	Vietnam	Colombia	Russia	Malaysia	China	Philippines	Egypt	China	Nigeria
43	Indonesia	Bangladesh	Egypt	Peru	Mexico	Indonesia	Turkey	South Africa	Peru	Peru	Philippines
44	Philippines	Egypt	Indonesia	South Africa	Vietnam	Egypt	Brazil	Egypt	Colombia	Indonesia	Mexico
45	Egypt	Indonesia	Philippines	Philippines	Philippines	Philippines	Thailand	Vietnam	Indonesia	Thailand	Bangladesh
46	Vietnam	Philippines	Bangladesh	Pakistan	Pakistan	Vietnam	Egypt	India	India	Nigeria	Turkey
47	Nigeria	India	South Africa	India	Egypt	India	Nigeria	Bangladesh	Philippines	Pakistan	Saudi Arabia
48	India	Pakistan	India	Bangladesh	India	Bangladesh	India	Pakistan	Pakistan	Vietnam	Pakistan
49	Bangladesh	South Africa	Pakistan	Indonesia	Bangladesh	Nigeria	Bangladesh	Nigeria	Bangladesh	Bangladesh	India
50	Pakistan	Nigeria	Nigeria	Nigeria	Nigeria	Pakistan	Pakistan	*Taiwan	Nigeria	India	Egypt

*Taiwan is not included in UNDP's HDI rankings

Crisis of Governance

- **Inefficient** state apparatus

→

- **Substandard** public amenities
- **No decent education** in government schools
- **Poor health care**

- Red Tapism & **unresponsive** bureaucracy

→

- All **pervasive corruption**

- Failure of **Rule of Law**
- **Money & muscle-power** in elections

→

- **Criminalisation** of Politics
- Vicious **cycle of corruption**
- Even honest public servants are **passive and helpless**

But India's Challenge is Unique

Despite strong economic growth, three key features define our economy:

65% of the population lives in **rural areas**, *lacking basic amenities like good quality education, healthcare, and civic*

46% of the population depends on **agriculture**, *as source of primary livelihood.*

80-90% of the workforce is in the **unorganised sector**, *eking out a precarious livelihood.*

***Sources**: A Plea for Inclusive and Sustainable Growth. Discussion paper, 2024. FDR;* Government of India, Press Information Bureau. (2025, February 4). *Transforming agricultural finance: Enhancing KCC limit to ₹5 lakh.; ibid.1*

Systemic Reforms India needs

Electoral & Political Reforms	Proportional Representation & Democratisation of Parties
Strong & Effective Rule of Law	Independent Crime Investigation, Strong Prosecution, & Swift and Speedy Justice
Decentralisation of Power	Empowered & Effective Local Governments

While Systemic Reforms take root

Preserve Growth Momentum **&** **Ensure Growth is Inclusive**

The **strong economic growth impulse** is our greatest hope for **a better democracy**

- Higher incomes and better quality of life **strengthen governance**
- As growth momentum accelerates, ensure **benefits reach those at the margins.**

While Systemic Reforms take root

Preserve Growth Momentum & **Ensure Growth is Inclusive**

The **strong economic growth impulse** is our greatest hope for **a better democracy**

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Key Reforms

- **Fiscal Prudence**
- **Quality School Education**
- **Accessible & Effective Healthcare**
- **Rule of Law**
- **Small Towns as Engines of Growth**

School Education

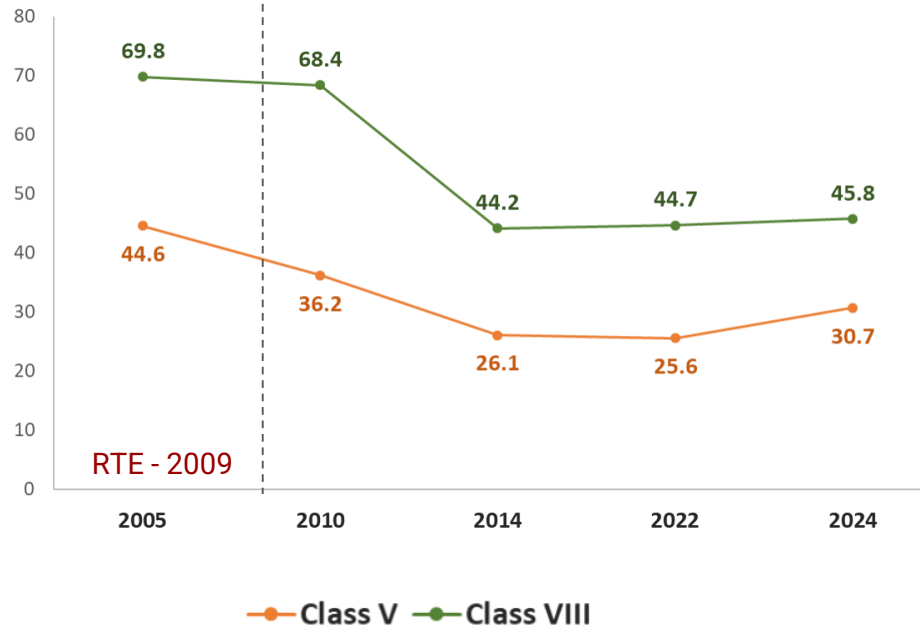
Engineering Better Outcomes



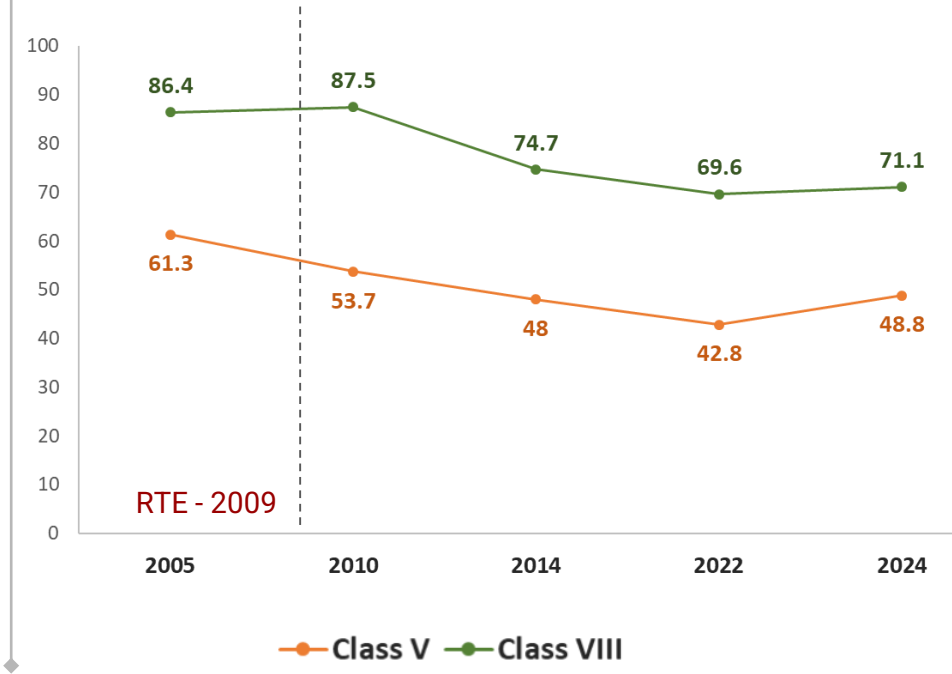
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School Education - Percentage of Children by Grade..

Who Can do Simple Division (All India)



Who Can read Grade II Text (All India)



Source: *ASER 2024*

Families Value Education!

E-PAPER

THE NEW INDIAN EXPRESS

Nation

Families cut food, entertainment expenses to send kids to private schools: Research

Over 70 per cent of parents spend 30-40 per cent of take-home pay on their children education, placing significant burden on their family budget.

NEW DELHI: Indian families which send all their children to private schools spend over 4 per cent of their total expenditure more on education than a similar household which sends all its children to public schools. This is a 60 per cent increase above the average education expenditure and is financed by a reduction of expenditure on food, institutional medical care, entertainment among others.

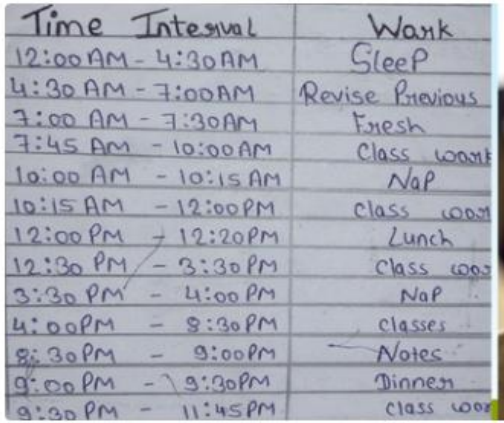
Students Are Working Hard!

IIT-JEE aspirant's rigorous schedule: 4.5 hours of sleep, waking up at 4:30 am. Viral post

By Shylaja Varma

Mar 21, 2024 11:58 AM IST

A 17-year-old IIT-JEE aspirant's daily routine, shared by his friend, drew mixed responses on X.

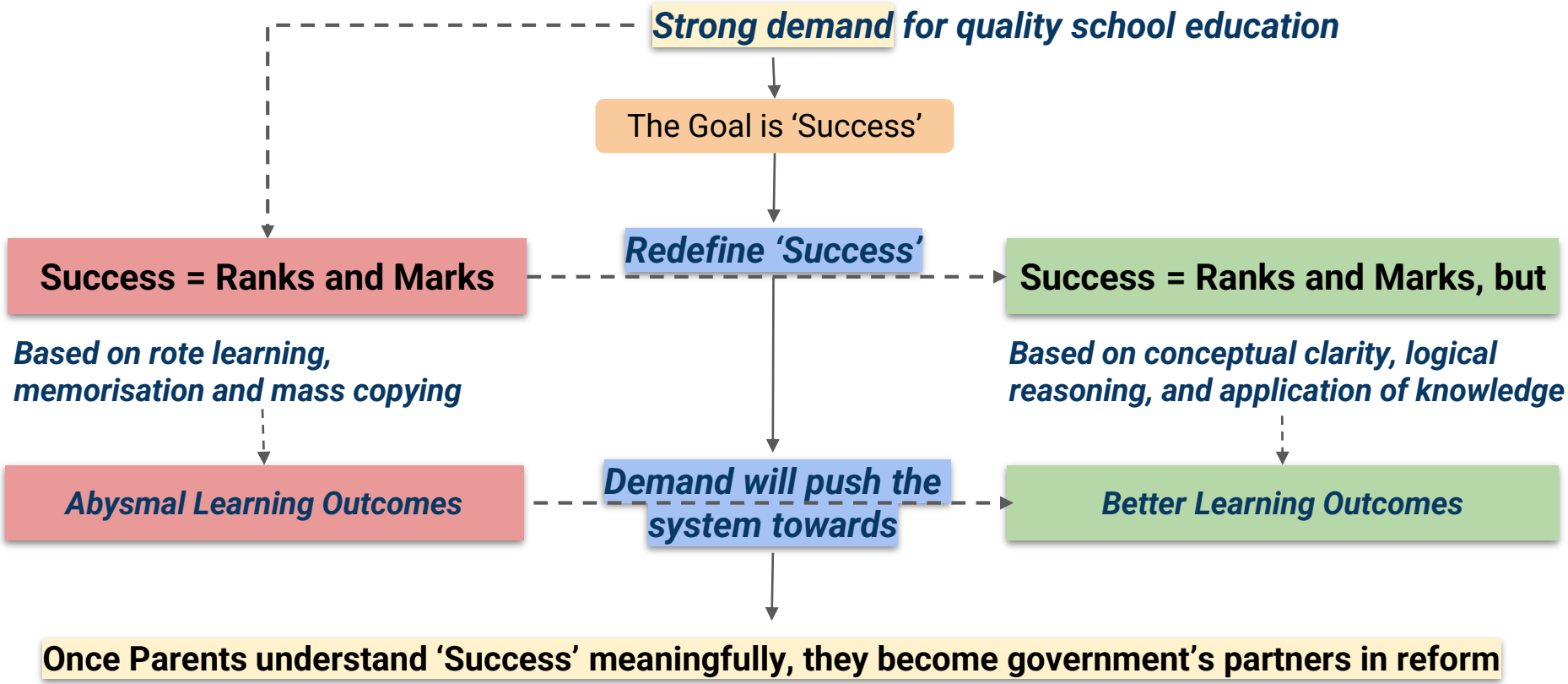


Time Interval	Work
12:00 AM - 4:30 AM	Sleep
4:30 AM - 7:00 AM	Revise Previous
7:00 AM - 7:30 AM	Fresh
7:45 AM - 10:00 AM	Class Work
10:00 AM - 10:15 AM	Nap
10:15 AM - 12:00 PM	Class Work
12:00 PM - 12:20 PM	Lunch
12:30 PM - 3:30 PM	Class Work
3:30 PM - 4:00 PM	Nap
4:00 PM - 8:30 PM	Classes
8:30 PM - 9:00 PM	Notes
9:00 PM - 9:30 PM	Dinner
9:30 PM - 11:45 PM	Class Work

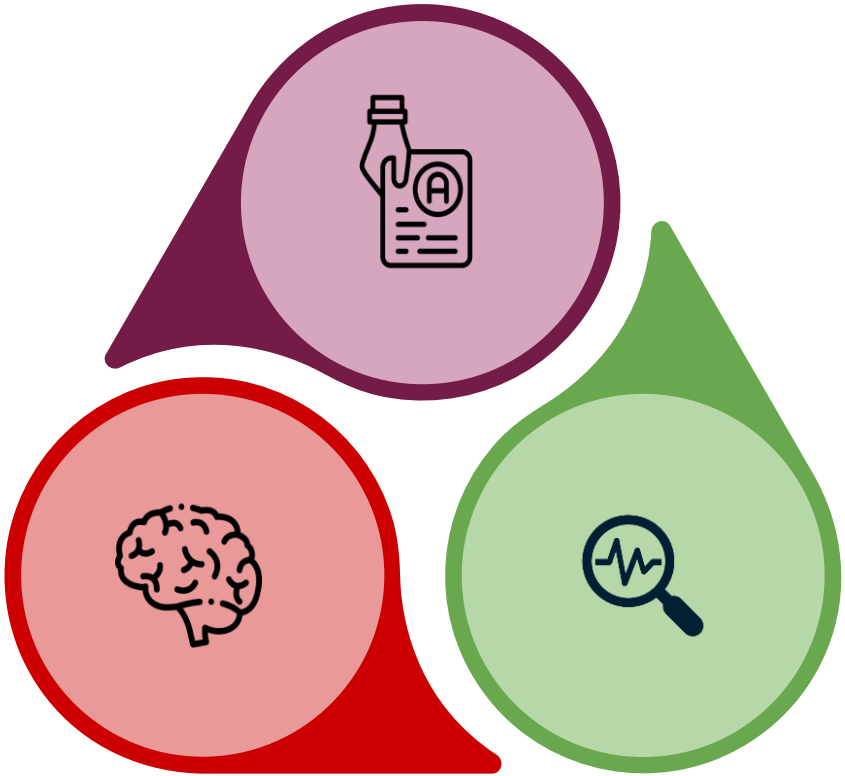


The IIT-JEE aspirant's friend shared his daily routine on X. (X/@rcx86)

Parents and Children - Main Stakeholders



Improved Assessment Framework



Assessment

Continuous, credible assessment focused on conceptual understanding, comprehension and knowledge application.

Monitoring

Regular monitoring and Inspection

Remediation

To bridge the learning gaps

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"Never doubt that a small group of thoughtful committed citizens can change the world. Indeed, it's the only thing that ever has."

— Margaret Mead