PREFACE

This study takes into account public expenditure on health and its impact on health aspect of human development. Both parts of the study are closely interlinked; but it was realized very late during sixties in the circle of academicians and policy makers. It is traced from Schultz’s article published in different volumes of The American Economic Review.

Public expenditure is far more important in its implications and bearing on public welfare than other branches of public finance. Classical economists were in favour of minimum government interference as they were guided by ‘laissez-faire’ policy. State was a police state and it was concerned with only maintaining law and order. But their notion was badly shattered during the Great Depression of 1930. It was J.M. Keynes who assigned due importance to public expenditure in government policy for keeping the economy on the right track. It is inevitable not only for working the economy at full employment but also for pursuing the agenda of a welfare state. According to Sen, the people’s economist, three things essential for decent life are health, education and access to resources. If these choices are not available, then many other opportunities remain inaccessible. Development means eradication of poverty, education for all, and health care, provision of clothing, shelter and above all freedom. He emphasized that the ultimate aim of development is the development of human capabilities which endows individuals with freedom to live as they like and to be as they desire. The focus of development should be on the development of human beings, their good life and capabilities rather than commodities.

Public expenditure on the social sector in the form of education, health, nutrition, water supply and sanitation has a direct impact to enhance the entitlements of the citizens. It is inevitable for the developing countries like India where the highest number of the world’s poor, illiterate and undernourished people are sheltered. World’s third highest HIV infected persons and
one-fifth TB patients inhabit here. One out of every nineteen children born dies before his first birthday. More than half of women are anaemic and maternal mortality is also very high at 212. Almost 20 percent of global maternal deaths occur in India. 330 lakhs people get impoverished due to high out of pocket expenditure on health every year. Health profile is very poor in international perspective and there are wide disparities prevalent in health facility and outcomes at all levels in India- state, rural/urban, sex and class etc. Health is purely a merit good which generates positive externalities; it affects not only health status of the people but also working and learning capacities which impact on development. Lack of provision of health care to tackle contagious and communicable diseases affects other healthy persons of the society. Hence, health as a vital public good and a basic human right urgently requires government involvement to correct the situation.

This study limited to health aspect of human development proves that state spending exerts positive impact on human development. But it is very unfortunate that the government share is very low in total health spending. It reflects the government’s apathy towards this crucial sector. India has the dubious distinction of being among the lowest five countries of the world in terms of government expenditure on health as percentage of the GDP (0.9%). There are wide disparities and many fluctuations in budgetary allocation across the states over the study period (1987-88 to 2007-08).

Health is a state subject under the Indian Constitution but the Centre gives support through central schemes and centrally sponsored schemes. This provision is made to ensure uniformity in achieving national targets as well as to get the states free from resource constraint. Public private partnership has also emerged a good option in the Indian perspective.

To make the growth process more inclusive, people must be ensured from the high burden of healthcare, and it is also important to enable them to
contribute effectively. It is especially important in the Indian perspective to harness the benefits of ‘Demographic Dividend’.

The study takes fifteen major Indian states to present the picture of health and human development. But for the purpose of detailed analysis, six states namely Andhra Pradesh, Assam, Haryana, Kerala, Maharashtra and Uttar Pradesh are selected. These selected states account for over 40 percent of total population and almost 30 percent of total area of India. These states are of diversified nature and represent India in all respects. At the one end of spectrum Kerala records appreciable level of human development and it can be compared with the developed part of the world. On the other hand situation of states like Uttar Pradesh and Assam is very poor and they peer with poorest countries of the sub-Saharan Africa. Health indicators like infant mortality rate (IMR), peri-natal as well as neo-natal mortality rate (PMR and NMR), child mortality rate (CMR), maternal mortality rate (MMR), life-expectancy at birth (LEB), nutritional status and other health facilities have been taken to depict the prevalent health scenario. There are significant differences across the states. International comparisons have also been attempted and included wherever it was considered feasible.

With the above background in mind, an attempt has been made here to investigate the health aspect of human development, concentrating on the health of the mother and child in the country with special reference to the six selected states. It deliberates upon some of the important theoretical issues also. The central part of the analysis is concerned with tracing out the impact of public expenditure on health and its impact on human development in the context of selected states. To serve this purpose, six indicators of health- IMR, PMR, NMR, CMR, MMR and LEB have been taken as dependent variables and they are regressed with per capita public expenditure on health (PCPHE). Different policies run by the states as well as central governments are also mentioned at due place with due weightage.