In the twentieth century it came to be realized that public expenditure is far more important in its implications and bearing on public welfare than public revenue. The main reason for the early neglect of the subject of public expenditure was that economists and policy makers were guided by the philosophy of laissez faire in which the field of governmental activity was restricted. Public expenditure is particularly important in the context of developing countries on account of its far reaching impact on the economy.

Public expenditure on the social sector especially in the form of education, training, health and family welfare has a direct and positive impact on the capacity of citizens so that they may play a meaningful role in different social, economic and political activities. Social sector is perhaps the most important area in any economy as it builds up the human resources of the country and thus has a direct impact on economic development. But unfortunately in economics and also in economic policy this sector is perhaps ascribed the least priority.

To make growth process more inclusive, development of social sector is very essential. However, if the benefits of economic growth do not reach the masses, the latter cannot be associated with the development process. The Government did not bestow that much attention to social sector development as it deserved. The financial outlays by the Central and State Governments were generally on the lower side. Social sectors like education and health have in the
past not received the desired level of financial support both from the center and
the states due to financial constraints as well as due to development priorities
approved by the government. Increased public spending on education and
health and successful public private partnerships for creating social
infrastructure and successful delivery of services is the need of the hour.
However, it is also an important fact that even if the nation makes appreciably
higher allocations to social sector, that would not yield the desired results, since
outlays cannot become outcomes automatically. The present study pertains to
the state of Uttar Pradesh. Uttar Pradesh being a backward state, is keen on
rapid economic development and needs greater government support.
Unfortunately, the issue of public expenditure on social sector has not received
adequate attention by the government of Uttar Pradesh and hence, it shows un-
satisfactory and low performance in both the educational and health aspects.

As per the population census 2001, Uttar Pradesh, with its 16.605 crores
strong population, is the most populous state in the country of 102.70 crore
population. It accounts for 16.17 percent of India’s popula¬tion of over one
billion, fourth in terms of density after West Bengal, Bihar and Kerala. The
population density for the State has increased from 548 people per square
kilometer in 1991 to 696 people per square kilometer in 2001. In terms of
population, Uttar Pradesh compares with the seventh largest countr¬y in the
world. Thus, the economy of Uttar Pradesh and its development have a
ital
impact on the overall development of India. The literacy of a State is
important driver of growth but unfortunately, the State has lower literacy rate
and inadequate institutional development when compared with national averages.

Average life expectancy in Uttar Pradesh is below the all India average. However, the life expectancy has improved to 64.1 years for females and 63.5 for the males in the year 2001. Uttar Pradesh has a birth rate of 32.1, infant mortality of 83 and death rate of 10.1 per thousand population, which is much higher than the national averages of 25.4, 66 and 8.4 respectively. Among all major Indian states, Uttar Pradesh has the highest birth rate and third highest death rate and infant mortality rate.

With the above background in mind, an attempt has been made here to investigate the economic aspects of social sector, primarily education and health in the country with special reference to the state of Uttar Pradesh. It deliberates upon some of the important theoretical issues also. It also prevents an interstate comparison on the major aspects of education and health. International comparisons have also been attempted and included wherever it was considered feasible.