CHAPTER - VII

SUMMARY AND CONCLUSION

7.1 Introduction

This chapter sums up the findings and conclusions of the present study, and indicates some policy suggestions.

Social sector concerns itself with various aspects of social development like education, health, nutrition, sanitation and other welfare measures designed to improve the quality of life. Development of social sector enhances the capacity of citizens so that they may play a meaningful role in different social, economic and political activities. It is obvious that social sector development directly leads to human development through the formation of human capabilities like improved health, knowledge and skills which enable people to expand the range of choices as to what kind of life to lead (Ashok Basu, 2005).

Investment in social sector is necessary for development. In developing countries like India, investment in human capital is impossible for larger sections of the people because of their poor financial position. The returns not only have long gestation, it is also not directly in the monetary term. Therefore, intervention by government through its budgetary policies is essential.

In the present study, public expenditure on social sector and its impact on education, health, human development, and economic growth have been analysed. Public expenditure on social services is examined at four levels: Combined, Centre, States and 15 major states. Some of the earlier studies had used only revenue account for analysing
social sector expenditures. In the present study, both revenue and capital expenditures are included. For the analysis of trends and pattern, the data were converted into constant prices. The compound annual growth rates (CAGR (%)) of public expenditure on social services were also calculated. For a meaningful analysis, four types of composite indices, Education Infrastructure Index (EII), Education Status Index (ESI), Health Infrastructure Index (HII) and Health Status Index (HSI) for each of the states were prepared for the years 1981, 1991, and 2001. Inter-state disparities in social sector expenditure, social sector development and economic development have also been analysed. Appropriate tools like Coefficient of variation, Compound Annual Growth Rate, Regression and other have been used for the analysis of the study.

OBJECTIVES:

- To analyse the trends and pattern of public expenditure on social services in India.
- To study the impact of public expenditure on education.
- To study the relationship between public expenditure and health.
- To study the association between social services expenditure and human development index.
- To examine the relationship of social services expenditure with economic development and poverty.
- To study the association between education and health status and economic development and poverty.
FINDINGS

- The volume of central government expenditure on social services as a percentage of GDP, and as a percentage of budgetary expenditure increased considerably over time. Central government has been spending more on social services in recent years; within the social services, education (50 to 55 per cent) and health (20 to 26 per cent) are the most important heads, which together account for 80 per cent of the expenditure in the sector.

- In the case of per capita expenditure on social services of all 15 major states, about 25 to 40 times increase can be observed in real terms (over a period of 30 years [1976-77 to 2005-06]). This impressive picture becomes less impressive when the figures are converted into constant prices, at which increase is only 3 to 5 times. Bihar, Madhya Pradesh, Orissa were found to be spending the lowest while Gujarat, Kerala, Punjab, Haryana were found to be the highest spending states during 2005-06.

- Growth rates of expenditure of per capita on social services in post reform period is lower than pre-reform period in 15 major states, which confirms the fact that economic reforms have adversely affected on social services spending.

- In regard to education status and infrastructure, India has achieved significantly. Indian literacy rate increased from 18 per cent in 1950-51 to 64.8 per cent in 2001.

- The number of educational institutions increased considerably; Primary schools increased from 2,09,671 in 1950-51 to 6,38,738 during 2000-01; upper primary schools from 13,596 to 2,06,269; higher secondary from 7,416 to 1,26,047;
colleges for general education from 370 to 7929. The number of Universities also increased notably from 27 to 287 during the period.

- Public education expenditure and education status (literacy rate total, literacy rate SC, literacy rate ST, literacy rate adult, enrolment ratio 6-11, enrolment ratio 11-14) showed positive and significant relationship.

- Education infrastructure facilities; i.e., upper primary schools per 100 s.q. k.m. primary and upper primary schools per lakh population, primary and upper primary teachers per lakh students showed an increase between 1981 and 2001. The only indicator, which showed a decrease, was the number of primary schools per 100 sq k.m.

- There is a decline in inter-state disparity for all selected education status variables i.e. Literacy Rate All, Literacy Rate Rural, Literacy Rate Urban, Literacy Rate Rural SC, Literacy Rate Rural ST, Literacy Rate Adult, Enrolment Ratio in 6 to 11 years, Enrolment Ratio in 11 to 14 years from 1981 to 2001.

- In case of education status index, West Bengal, Andhra Pradesh and Bihar stand out as the most backward states. Kerala and Tamilnadu are the two most advanced states in this respect. Similarly, in case of education infrastructure index (EII), Rajasthan, Andhra Pradesh, Tamilnadu, Kerala and Punjab stand out as the most backward states. Assam, Karnataka and Madhya Pradesh are the two most advanced states in this respect. It is interesting to note that though Bihar is in the under developed group in ESI, it is in the semi advanced group in EII.

- Public expenditure has positive relationship with ESI and statistically significant, while it is not true in EII. And EII & ESI are also not statistically significant.
Therefore for the development of education status, not only infrastructures are important but also the quality of services is important.

- Per capita NSDP has a positive association with ESI and literacy rate, whereas poverty has negative relationship with ESI and literacy rate. Thus education has positive impact on economic development and negative impact on poverty.

- India has achieved significant progress in health status and health infrastructure. Life expectancy at birth (LEB) increased from 41.3 years in 1951 to 63.5 years in 2001.

- Number of Hospitals has increased from 7 per lakh population in 1971 to 15 per lakh population in 2001. Similarly other infrastructures per lakh population have increased significantly (Dispensaries from 10 to 22, PHCs from 9 to 22 and beds from 64 to 88).

- There is no statistical significance between IMR and per capita public health expenditure in the selected years (1981, 1991 and 2001). In the same way, the LEB and per capita public health expenditure are also not significant except in the year 1981.

- There are wide inter-state variations in the availability of health infrastructure and the variations are increasing

- In case of Infant Mortality Rate (IMR) for rural, urban and combined, inter-state variation has increased, while for Curd Death Rate (CDR) and Life Expectancy at Birth (LEB) of rural, urban and combined, the inter-state disparities have declined between 1981 and 2001
• In case of Health Status Index (HSI), Uttar Pradesh, Orissa and Madhya Pradesh stand out as the most backward states. Kerala and Punjab are the two most advanced states in this respect. Similarly, in case of Health Infrastructure Index (HII), West Bengal, Haryana and Bihar stand out as the most backward states. Kerala and Gujarat are the two most advanced states in this respect. It is interesting to note that Bihar is in the under developed group in HII, while it is in semi advanced group in HSI.

• Per capita health expenditure not statistically significant with HSI and HII, while HII and HSI are positively associated and statistically significant. So improving the health infrastructure is important in order to improve the health status.

• HSI is positively association with Per capita net state domestic product (PCNSDP) and statistically significant. While HSI negatively related with poverty. Thus, health has a positive impact on economic development and negative impact on poverty.

• Indian HDI value has increased significantly from 0.324 in 1960 to 0.602 in 2003, which is much higher than the average of least developed countries and slightly higher than low-income countries. But it is much lower compared to high income, OECD countries and middle-income countries. It is painful to note that Indian HDI value is considerably lower than world average and also lower than average of all developing countries.

• There is wide inter-state disparity in HDI value of Indian states. Kerala and Bihar were in top and bottom positions respectively in 1981, 1991 and 2001. Inter-state
disparity in HDI value declined from 1981 (CV (%) 22.57) to 2001 (CV (%) 16.29).

- Public expenditure on social services (including education and health) is necessary but not a sufficient condition for higher HDI value.
- All states have registered an increase in PCNSDP and decrease in poverty ratio considerably during 1981-2001, but the inter-state disparities increased in the same period for both of the indicators.
- Social sector expenditure has positive impact on economic development and negative impact on poverty ratio.

7.4 Suggestions

Kothari Committee Stipulates that states shall spend at least 6% of their SDP on education. But this measure has the major drawback that states with low GSDP (like Bihar and Orissa) have to be considered as more spending states without spending much amount actually. Hence, for different levels of education (primary, secondary etc), per student expenditure should be fixed differently for each state. That will be the proper method.

Public expenditure on social services especially education and health should be enhanced in backward states in general and backward states with more rural areas and backward communities in particular. Not only increasing funds is important but also ensuring utilisation of funds is more important. Hence, the government has to take foal-
proof measures to eliminate miss-utilisation and corruption in social sector expenditure, and should educate people about proper utilisation of funds. Besides, government has to encourage private investment in education and health sectors.

Education is the bedrock for all kind of development; hence by way of the various policies and programmes, government should not only improve literacy rate of children but also focus on adult education.

Creation of adequate educational infrastructure like schools and teachers is no doubt important but more important is the optimum utilization of available infrastructure. Therefore, government has to focus on areas like providing drinking water, separate lavatory facilities for boys and girls, adequate number of black boards, and furniture in schools. Number of trained teaching and non-teaching staff should be increased.

Health infrastructure facilities are very much needed to improve the health condition hence government has to improve the health facilities through the public expenditure in all states.

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