CHAPTER – VI

CONCLUSION AND POLICY

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Our study examined the impact of social sector public expenditure on human development. Using model of pooled least squares for the early a period of twenty years i.e, from 1984-85 to 2003-04, the analysis of link between per capita expenditure on health and education and Human Development Index (HDI) revealed that there is a positive functional relationship between the two.

An attempt is made in the following paragraphs to present a summary of the major findings of our study. The important findings of our study are as follows.

Chapter 1 is an introductory in nature where we addressed ourselves to the intricate relationship between public expenditure and Human Development. The chapter reveals that education, health and per capita income are important indicators of human development. We have also discussed that public expenditure on social services can play an important role in increasing the level of human development.

In chapter 2 we have discussed the various literature by different authors in which they have studied the relationship between public expenditure and human development and thereby we could understand better the intricate relationship between the two. The studies that have been discussed reveals that Government expenditure on education and health does have an impact on human development.

Further, in chapter 3, we have touched upon the various theoretical issues that are related to public policy and human development. The studies show that the growth of public expenditure is important for human development and that human development gets transformed into economic development. Here the Government plays a vital role to make sure that there is 'allocative efficiency' of the public expenditure of the state.
Moreover, it is important to note that the substantial impact of higher GDP per head on life expectancy and other social outcomes of better literacy level, low mortality rates among children and better schooling among children seems to work via factors in which public policy stance play a significant part.

In chapter 4 we concentrated on the growth and pattern of public expenditure in Meghalaya and we found that there has been an increase in the public expenditure in Meghalaya during the period of our study. The public expenditure on education and health have also increased during these years which shows that the Government of Meghalaya has been making serious efforts in raising the pace of human development in the state. Furthermore, we also found that the increase in the State Gross Domestic Product during the period of our study has not contributed much to the growth of public expenditure on social services, such as health and education.

Chapter 5, discusses the growth of the Human Development Index in Meghalaya during the period of our study, and it reveals that the Human Development Index in Meghalaya has increased over the years although the increased has not been that high. We have also compared the growth of public expenditure and the HDI and found the HDI is responding to the growth of public expenditure on education and health. We were also able to examined the growth of some of the important indicators of education and health in Meghalaya, such as the state’s literacy rates and the infant mortality rates during the period of our study, which reveals that the literacy rates have increased over the period and the infant mortality rates have declined. This shows that the Government’s efforts in increasing public expenditure on social services have a positive impact on the growth of human development. In this chapter we were also able to find out, through our analysis that the growth of public expenditure has a greater impact on human development than the growth of the per capita income of the state during the period of our study. Moreover, we also found out that the Human Expenditure Ratio of Meghalaya was high and well above the UNDP norm which shows that the Government is committed to raise the level of Human Development in the State.
The per capita income is not a sole factor which leads to human development. Also, the estimated coefficients of pooled least squares revealed that per capita spending on education and health has relatively stronger impact on human development than growth in per capita income per se. Improving the education and health of people is not only a goal in itself for a better quality of life but also its positive impact on the economic development of a state is far-reaching. The provision of education and health is a key element of a policy to promote broad-based economic growth. The main asset of the poor is clearly their labour and both education and health services improve the productivity and earnings of workers. Education is considered a major remedy for many problems faced by developing countries. For example, high fertility rates are adding to population pressures in several countries. It is widely accepted that female education helps to lower fertility rates. Moreover, educated parents are in a better position to look after the education and health needs of their children. Education and health are important tools to empower poor people and overcome exclusion based on gender, location and other correlates of poverty. Public policy stance, thus have a crucial role to play in the state of Meghalaya.
Policy Implications

In the light of the extensive findings of our study, we would like to make few suggestions having policy implications.

Firstly, in the wake of the unabated mounting pressure of public expenditure both on developmental and non-developmental services, it is felt that there is a need to have expenditure administrative policy reforms which may give way to rationalizing and controlling wasteful Public Expenditure. Such a step would also help in diverting resources from less productive sector to the social service sector of the State’s economy. The government must see that the concept of growth with ‘Social Welfare and Justice’ is ensured to the people in general. Huge financial resources are needed in the region to expand education and health services and improve their quality. Multiple channels of financing will also be required to raise sufficient resources, including both public and private sources, communities, non-governmental organizations, bilateral donors and multilateral organizations. An integrative approach using multiple sources is recommended for the provision of education and health services.

Secondly, the most reliable and sustainable public source is tax revenue. Improving tax administration and expanding the tax base will generate more revenue. Generally, the education and health services provided by the public sector are either free of charge or carry a nominal fee. Modest user charges for improved quality of services can be introduced. For reasons of equity, however, mechanisms are needed to ensure that the poor are not barred from using the services for lack of income. The active involvement of communities and non-governmental organizations can augment resources for education and health. Communities can make contributions in kind and/or cash. Non-governmental organizations have long been active in both the education and health sectors. They can mobilize internal and external resources and also provide leadership for advocacy. Private sector participation raises the quality, efficiency and supply of services,
which allows the enhanced allocation of public resources to rural and remote areas as well as slums in urban areas.

Besides the above implications, reprioritization of expenditure within the education and health sectors can improve achievements. Most importantly, however, good governance is the most necessary to improve access and quality of public expenditure and to ensure greater human development in the state and thus economic development.