CHAPTER-2

DEVELOPMENT OF SOCIAL SECTOR IN INDIA
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India, being one of the oldest civilizations with a kaleidoscopic variety and rich cultural heritage has achieved multifaceted socio economic progress during the last 58 years of its Independence. Located in South Asia, India covers an area of 32,872,633 sq km which is 2.4% of the World's total area and is the seventh largest country by geographical area and is the second most populous country in the world, with a population of over one billion. India has a coastline which stretches over seven thousand kilo meters, and shares its borders with Pakistan to the west, the People's Republic of China, Nepal, and Bhutan to the northeast, and Bangladesh and Myanmar (formerly known as Burma) on the east. On the Indian Ocean, it is adjacent to the island nations of the Maldives on the southwest, Sri Lanka on the south, and Indonesia on the southeast. India also claims a border with Afghanistan to the northwest. India is the fourth largest economy in terms of purchasing power parity and is now the tenth industrialized country in the World. Although India has achieved multifaceted socio economic progress during the last 58 years of its Independence but it is lagging behind as far as Human Resource Development is concerned. As a result the importance of
Social Sector Development in India has great importance. India is a welfare state, committed to the welfare and development of its people in general and those of vulnerable sections in particular. The Preamble, Directive Principles of State Policy, Fundamental Rights and specific sections, namely, Articles 38, 39 and 46, in the Constitution of India, stand testimony to the commitment of the state to its people. Social development has come to acquire a very important and new salience in the literature and practice of development. Development is now perceived and defined in a different way than it was during the first three decades after the Second World War. During that period, development was identified with growth in material output. Prof. Rajni Kothari has very aptly described this early model of growth as one in which 'abstractions of GDP rates, saving ratios and technological coefficient ruled the roost and human beings, social formations and even the structure of State power were left out of purview'.¹ The two concepts that dominated development thinking during that period were the Harrod - Domar model which established a relationship between capital investment and rate of growth, and Professor W.W. Rostow's
Theory of 'stages of growth' or 'take off' theory which was perceived entirely in terms of the transformation of the physical dimensions of the economy leading to the take-off stage of a self-sustaining accelerated rate of growth.

Subsequently, the concept was refined by relating it to the goal of the maximization of welfare by introducing distributional equality, but for several decades this equality was perceived purely in income terms.

**Human Resource Development Theories**

The transformation of economic growth into enhanced capabilities for all lies at the heart of the 'development-problem' that is faced by majority of low income countries. The role of what in economic parlance are called social sectors is considered critical in this regard.

The implementation of economic reforms in a large number of developing countries in Sub Saharan Africa, Latin America and Asia during the past one and a half decades and the diverse impact it has had on people's capabilities has also spurred interest on this issue.

The sustained focus by the United National Development Programme (UNDP) since 1990 on social attainments in various countries has acted as a combination of circumstances and has compelled
academicians as well as policy makers to devote attention to the role of social sector in economic development. There are two distinct schools of thought that could govern public policy with respect to social sector:

- The first is the neo classical view point which is reflected in the concept of human resource development, the theories of human capital and the more recent theories of endogenous growth.

- The alternative approach is that of human development which has been defined as the process of enlarging the range of people's choices by the UNDP which has been advocating the idea since 1990.

The difference between what Streiten (1994) terms human resource development and the humanitarians is that the former consider human beings as means to an end whereas the latter in true neo-Kantian tradition, consider human beings as ends in themselves in fact, to the humanitarians is that the former resource approach which acts towards people with a view to turning them into better human capital which in turn contributes to greater human prosperity is offensive. The difference between the two is not of merely of semantic importance but reflects very different philosophical approaches to the
issue and could shape public policy in decided the different ways. These are elaborated below:

**Human Resource Approach**

In this approach social sectors may be defined as all those sectors which contribute to an enhancement of human capital. Human capital refers to the fact that human beings invest in themselves through education in service training nutrition and health so as to raise their life expectancy through lifetime learning. As a logical sequel to the pursuit of this approach, a case for investment in these sectors is made using rates of return estimates.

For example, in the education sector which has been subjected to this type of analysis to a greater extent than health or nutrition, the available evidence form developing countries points to the fact that social returns to investment in primary education are more than twice the 10 percent norm normally applied to opportunity cost of capital, higher for general education and women's education. The impacts of nutrition and health care have been measured at the micro as well as macro levels. At the micro level health and nutrition enter wage relations as inputs in the household farm and firm production
functions and also affects productivity in schooling and production function for children.

The human capital theory has been criticized on the grounds that it is narrow in approach and unlike the case of physical capital is unable to consider asset prices in the analysis. More importantly the theory views production as organized on an assembly line basis and ignores the role of human capital in creating new technology and new practices endogenous to economic units. The new endogenous growth theory addresses itself to the last mentioned issue Paul Romer highlights the fact that technological progress is not an exogenous factor influencing development but is the result of intentional actions taken by people who respond to market incentives. Since technology is considered to consist of a non-rival component which is separate from individuals and can grow without bound, it leads to increasing returns to scale. Thus, private investment in research and development raises the level of technology so that it acquires the nature of a public good. Another stand of endogenous growth theory led by Robert Lucas emphasizes investment in human capital more directly and links it to long term rates of economic growth. These human capital theories indicate how investment in education enables the entire production process to benefit from positive externalities.
Educated people not only use technology more efficiently, they are also likely to innovate and spread the benefits of such innovation to co-workers thereby increasing the efficiency of all factors of production.

The expected benefits of skills, knowledge, ideas and such concepts emphasized by the endogenous growth theories can materialize only if the set of conditions that are necessary for translating individual level skills exist in the economy.

This set of attitudinal and institutional characteristics, which is termed social capability, is a critical factor in economic development. In fact economic development and social capability interact and influence each other in a cumulative manner which indicates that initially inadequate social capability may frustrate growth and limit its own enlargement.

A more serious problem in applying the human capital as well as the endogenous growth theories based either directly or indirectly on the human capital approach is that it takes no cognizance of the pervasive and persistent poverty that is a characteristic feature of most developing countries, particularly in India. Though income poverty severely limits the ability of individuals to invest in themselves, it does not form an integral part of the analytical frame of the human
resource developers'. Thus, the poor, the infirm and the disabled do not fall within the ambit of their analysis. Whether such a focus that leaves out one-third to one half of the population in developing countries out of the realm of analysis is relevant for policy formulation is a moot question under discussion both among economists and other related scholars.

**Human Development Approach**

The origin of the concept of human development may be traced to the efforts to define basic needs in the mid-seventies. This approach emphasized providing for all people the basic means of well-being which include among other things food, health and education. The UNDP's human development concept emphasizing the enlargement of the range of people's choices goes much further than the concept of basic needs as it is based on functioning achievements rather than on commodity possession. The concept of human development encompasses empowerment, cooperation, equity in basic capabilities and opportunities, sustainability and security. The composite Human Development Index calculated by the UNDP however is more restricted in scope and concentrates only on three basic indicators, viz. per capita income, educational attainment and life expectancy. The inclusion of incomes is justified on the ground that it enables the
exercise of choice with respect to the other two indicators Educational and Health indicators are common to the human resource development approach as well. The difference lies in viewing these attainments as ends in themselves. Thus, in the human development approach education may be stressed more for its instrumental role and for its contribution to equity rather than merely as a means to raise productivity and incomes. Similar considerations in the health sector would imply greater attention to basic health services than to curative care for the working population. The human development approach puts people at the center stage and supports measures to promote education health and nutrition event if the conventionally measured rates of return on these investments are zero.

Following Dreze and Sen (1989), who advocate the pursuit of social security as an objective through social means the definitions of social security has been widened by researchers to include maintenance of minimum levels of income.³ Social security is sought to be made in terms of protective and promotional measures constituting the former and direct anti-poverty measures, including asset distribution as well as employment generation programs, provision of basic needs such as education, health, nutrition, and housing for the poor. The advantage of this approach besides the more obvious one of linking the concepts
of social sectors, social security and human development, would be that it provides a comprehensive framework which facilitates coordinated policy intervention for improving the state of human development. If the aim of human development is to enhance the capabilities of the bottom 40 percent of the population, the two routes to such capability enhancement viz. income generation and public provision of education health and nutrition cannot be divorced from each other. Sustained gains in human development can be made only if the poor have access to incomes and public policy facilities, their access to education, health and nutrition which in turn act to make the income distribution more egalitarian. In the absence of such a vision, the mutually reinforcing links between poverty under nutrition ill health and illiteracy would perpetuate the in egalitarian nature of development and could result in the phenomenon of social exclusion.

**Links between Human Resource Development and Human Development**

While the two concepts represent different approaches to the role of social sectors in economic development, they are linked together by the fact that the broad based concept of Human development provides the necessary conditions that enable human resources to contribute to economic growth. The social capability concept referred to earlier
which emphasizes institutional and attitudinal characteristics in an economy is a general illustration of this linkage.

More specifically, the linkages can be illustrated from the field of education which has been discussed extensively by the human resources developers. Empirical studies in this sphere stress the fact that productivity increases from the education are more pronounced with the attainment of 4-6 years of schooling. It has been acknowledged that the East Asian approach of emphasize on universal high quality primer, education had important payoffs both for economic efficiency as well as for equity. The excess demand for secondary and tertiary education generated by rapid attainment of universal primary education was net in these countries largely by a meritocracy oriented public secondary system and a self financed private system. Vocational training is a facet of education that is emphasized by the human resource developers is found to be effective if trainees have a solid base of primary and secondary education.4

A more important reason for emphasizing acquisition of basic education in the present milieu of globalization is the economy to adapt to the changing conditions and maintain its competitive edge. In developing countries with inequity structures the access to education is likely to be limited to the elite. Dreze and Sen advocates
state intervention to reduce illiteracy, mortality and morbidity as market complementary interventions. This is needed to increase human welfare. Das Gupta (1993) arguing in a similar vein talks to the need for complementary services provided by the state to enable investments in human capital to yield higher rates of return and proposes a social contract that precommits the access to commodities such as nutrition, shelter, primary and secondary education, basic health care and legal services, to people as components of their positive rights. Among these, since health and education sustains human life therefore becomes of pivotal significance.

**Some Stylized Facts**

The above analysis points to the fact that the translation of economic development into social development is not automatic and requires deliberate policy action. Cross-country experience in general and the Asian experience in particular, point to three 'stylized facts' that is relevant for policy regarding social sectors in India and developing countries.

First, is that investment in social sectors yields better results when it is part of an egalitarian ethos' that permeates all public policies. The pursuit if in egalitarian policies in general and the implementation of
social sector policies as add-on components could prove to be self-defeating. Second, in view of the long gestation period involved investment in social sectors must be sustained over decades before the expected benefits can be realized. This will require a national consensus to be built up, so that allocations to this sector do not vary with different political dispensations.

Third, the various sectors that contribute to the enhancement of social opportunities must be tackled in an integrated manner so as to reap the benefits of the synergies that are generated. This implies that public investment must stress on both promotional and protective social security simultaneously.

The first stylized face emphasizes the need for an egalitarian ethos in order to secure both growth and human development. In an ideal situation, the two-way linkages between economic development and social opportunity act in a manner as to generate a virtuous circle. The extent to which this happens is a matter of political commitment reflected in deliberate policy actions. The typology across countries shows that it is possible to achieve high human development at relatively low levels of income, the prime examples being Sri Lanka, Thailand, Colombia and Kerala in our country. Similar findings hold true in the case of health as well the prevalence of poverty reduction
and government expenditure seem to be more important than income growth for attaining higher life expectancy which along with employment assurance generates series of welfare gains. The growing evidence that income inequality is harmful for growth also strengthens the arguments that an equitable pattern of growth enables the attainment of high levels of social development. Enhanced social justice, opportunities for upward mobility and other values such that development signifies ensure social cohesion and political stability, factors, which are not unimportant in the pursuit of growth.

The second stylized fact that sustained government attention to basic services helps in attaining higher levels of human development may be examined in the context of Sri Lanka where formal government efforts towards human development began in 1920 with the passage of the Education Ordinance No. 1 and the establishment to the first Health Unit to provide primary health care and control of infectious diseases in 1926. The Sri Lankan government also followed a deliberate policy of supporting a high level of public health spending throughout the period 1952-2001 which seem to have had a significant impact on the reduction in infant mortality during this period. In the state of Kerala in this country, the passing of a directive by Gouri Parvathi, queen of Travancore, in 1817 that the state shall
bear the entire cost of education of its people paved the way for the impressive social achievements that the state recorded in subsequent decades.

Connected with the above is the pattern of spending. In South Korea for example, tertiary education received a very small proportion of the education budget whereas between 1970 and 2001, real expenditure per pupil at the primary level raised over three fold. The emphasis on mass education led to a more equitable distribution of the benefits of education could enjoy over those with only primary education declined from an additional 100 percent to 66 percent. This helped reduce wage inequality. In Brazil, education expenditure favored the rich and the premium on higher education hardly changed (UNDP, 1999). Similar examples can be found in other spheres as well. The point is that increase in government expenditure is of no use if it does not get translated into increased opportunities for the masses. What is true of educational expenditure is also valid for medical services as alternative expenditure often concentrated in cities in the hospitals.

The third stylized fact highlights the synergies reaped from an integrated implementation action of various components of social security. Female education seems to play a key role in reducing infant mortality and fertility rates and raising life expectancy. Investing in
the nutrition and health of students raises the returns to investment in schooling. Poverty alleviation programs could lead to increase in incomes which could have additional spin-offs in the form of higher nutrition, better health and productivity. Besides, increased participation of women in the economic arena and a more aware civil society could be considered important for benefits in themselves.

**The Indian Scene**

India has been characterized as a country with a low level of human welfare indicators with the country's rank in the Human Development Index (HDI) calculated by the UNDP being 127 among 177 countries in 2005 with an H.D.I. value of 0.602. Sri Lanka ranks first in the region, with a value of 0.751.\(^6\) Individual indicators such as literacy and infant mortality in the country in 2001 were lower than the levels attained by a country such as South Korea far back in 1960 and as subsequent chapters would reveal that basic health indicators in U.P. are much lower than even the national average of the country. This is one of the main reasons that the level of human welfare is very low in Uttar Pradesh.
The links between growth and social opportunity have been weak in Indian states. In this context the Indian states can be classified into four categories. In the first category is Kerala which has achieved high levels of human development despite relatively low levels of income. Social indicators in Tamil Nadu in recent years also warrant its inclusion in this category. The second category comprises the states of Punjab-Haryana which despite high levels of per capital income are substantially behind Kerala in terms of crucial social indicators.

The third category is of states such as Bihar, Madhya Pradesh, Orissa, Rajasthan and Uttar Pradesh where neither economic nor social opportunities have been realized. The fourth category comprises the other states where the differences in their economic and social opportunities are not too large.

A remarkable feature of the education and health attainments in Kerala, which are on par with the levels attained by middle income countries, is that they have been achieved by incurring relatively low levels of expenditure by the government. The targeting of expenditure towards lower level facilities, the higher efficiency of such expenditure due at least in part to greater public vigilance and action, have enabled the state to achieve its pre-eminent position in human
development. Datt and Ravillion (1996) estimate Kerala's trend rate of reduction in headcount rate of poverty would have been 3.11 percent per year between 1957-58 and 1991-2001 instead of recorded 2.26 per cent if Kerala had the same growth rates in farm yields as Punjab-Haryana. The other end of the spectrum is represented by Punjab and Haryana where the exemplary performance in economic growth has not been matched by progress in social indicators. The State record in what Dreze and Sen call women's agency is particularly poor as revealed by relatively low female literacy rates, high infant mortality rates and low Sex Ratio. The State also have very low budgetary allocation for social services which have been further slashed since the indications of economic reforms at the Central level in mid 1991. The experience of Punjab and Haryana is a clear illustration of the fact that translation of economic growth into enhanced social opportunities requires deliberate and policy action by a committed government.

The case of the states often derisively referred to by the acronym, BIMARU, i.e. Bihar, Madhya Pradesh, Rajasthan and Uttar Pradesh and additionally Orissa indicates the failure of development in both economic and social scenes. The inequity production structures the obsolete value systems and fragmented social structure thwarts the
effectiveness of various initiatives that are undertaken. The slow rate of growth of agriculture, the main productive sector, has contributed to the persistence of a high level of rural poverty. Datt and Ravallion (1996) point to the double disadvantage that a states like Bihar or U.P. suffer. If the states have started off with Kerala's level of literacy and infant mortality in 1950's the differential in the rates of rural poverty reduction between the two categories of states would have been half the observed levels. The other levels route to rural poverty reduction, increasing agricultural production, if relied upon solely, would suggest growth rates which are 3.4 percent above Kerala's agricultural growth rate of 1.02 percent annum between 1957-58 and 1990-2001, a task that is daunting. It is evident that it is only in integrated approach working on both routes simultaneously that will have some chance of success.

Maharastra represents a state in the last category where the attainments in economic and social spheres have been relatively balanced. The average situation of the state however masks wide disparities across districts in crucial social indicators. The state is also characterized by and unbalanced emphasis on promotional aspects of social security to the almost total exclusion of protective measures, which prevents the state from reaping the synergies accruing from a
balanced provision of both elements. U.P. on the other hand lags far behind both in the implementation of economic programs and social development schemes. The result is that the welfare level is low.

The Characteristic feature of the public action, particularly government action in the field of human development in India is that it is more often inappropriate than inadequate. The constitutional responsibility for many of the sectors that enforce social security is also with the state governments which have different degree of political commitment as reflected not only in the level of sectoral expenditures but also in their intro-sectoral allocations and the efficiency with which these are spent. The persistence of mass illiteracy high level of infant mortality and morbidity even as the social infrastructure facilities created at substantial public cost lie unutilized or under-utilized is a paradox that points to the poor quality of services rendered in these institutions. The same factors explain the lack of correspondence between social infrastructure, government expenditure and attainments in the economy and society.

Social Sector Development - the Concept & its Growing Reach

What is described above represented the mainstream thinking on development of economists and policy makers in India
and several other countries. However, visionaries, social reformers and leaders of India's independence movement propounded a wider concept of development. Mahatma Gandhi set before the nation the objective of "wiping every tear from every eye". This literally sums up the more comprehensive and inclusive concept of development that came to be recognized from the decade of the 70s. It embraces the goal of meeting the basic needs of the people, giving them freedom and dignity and creating an environment in which they can be happy in a comprehensive sense of the term. Gandhi ji did not see economics and ethics in separate compartments. He said, "Economics that hurt the moral well-being of the individual or a nation is immoral and therefore sinful".

He devoted most of his economic thinking to working out a programme of reconstruction of poor nations. By far the most fundamental question raised in Gandhian economics is that of an alternative to the consumer society and alternative life style centred on need rather than greed, as Gandhiji put it. His search for a solution to mass poverty ill literacy and ill health has been recognized as fundamental of Social Sector Development. The essential Gandhian thinking on development was reflected in the objective that Pt. Jawaharlal Nehru outlined for the country in his
celebrated "Tryst with Destiny" speech delivered at midnight on August 14, 1947. He said: "The service of India means the ending of poverty and ignorance and disease and inequality of opportunity".

Prof. Sen's deeper insight into the development process has now come to be almost universally accepted and has become the basis for policy formulation by the governments of almost all developing countries. Developed countries are also trying to promote this concept of Social Sector Development. The international organizations like the World Bank, UNDP, United Nations and its specialised agencies have been trying to reorient their norm-setting and theoretical work as well as their development cooperation programmes on the basis of this broader definition of development.

To expand the "opportunities and freedoms" of the individual, it is necessary to enhance her or his capabilities. For the enhancement of capabilities Development of Social Sector especially Development of Health and Education therefore, is now widely recognised as the objective of Economic Development. The World Development Report (1999-2000) defines the goal of development policy as Sustainable development for all people means, in addition to raising per capita income, improving peoples' health and educational opportunities and helping to ensure a clean environment.
Provisioning of education, health and nutrition play a very important role in the accumulation of human capital.

Thus social sector development is the key to the formation of human capital. The annual release by the UNDP of its Human Development Reports since 1990 has been the most important factor popularising the concept of human development through Social Sector especially Development of Health and Education. Empirical evidence has shown that in education, teachers are more committed, students achieve higher test scores and school facilities are better utilised in communities where parents and citizens take an active interest in children's educational well-being. In health services, doctors and nurses are more likely to show up for work and perform their duties more attentively where their actions are supported and monitored by citizen groups. Amartya Sen's Asia and Pacific lecture. A special feature of the East and South East Asian development process has been an emphasis on basic education as a prime mover for change and wide dissemination of basic economic entitlement through education and training, through land reform and through availability of credit.  

Professor Sen argues that there is sufficient evidence that even with relatively low income, a population that guarantees basic social
services can improve length and quality of life. Because of this factor, China already had quite high life expectancy at birth even in the pre-reform era i.e. prior to 1979. Since basic education and health are also exceptionally labour-intensive activities, they are much cheaper in poorer countries than in the richer ones. Thus human development contributes to the quality of life even in the absence of its impact on economic and industrial expansion. Secondly, it greatly facilitates such expansion. Thirdly, it improves the efficiency and widens the reach of the market economy. For example, literacy contributes to economic development through quality control and production to specification. (There is also much evidence to show that education, particularly female education, helps in reducing fertility rates). Empirical studies show that whereas there is a weak relationship between economic development and rates of improvements in vital measures of development like education, life expectancy, child mortality and gender equality, there is a strong positive relationship between key social characteristics and the attainment of development defined in the broader sense of the term. One study found that a 10% increase in the female literacy rate reduced child mortality by an equal percentage.
Taking developing countries as a whole, gains in female education in the 1971-2001 periods might have accounted for as much as a 38% decline in infant mortality and a 58% drop in the total illiteracy rate. On the other hand, despite the low level of GDP per capita in Sri Lanka, life expectancy there is as high as 73 years and infant mortality as low as 14.11

Role of Government, Market and N.G.O.s in Social Sector Development

At the beginning of the drive for reforms in developing countries, there was a little role of governments in social sector development but now a more balanced view is taken of the role of the government.

The government has to play a crucial role in the social sector development process is no longer an issue. The issue basically is the extent, nature and direction of government interventions. The areas in which the government's role is regarded as most conducive to development are provision of social services such as education, health and social and physical infrastructure building. There is an emerging consensus that the government can play its role best in partnership with other agents of development, particularly the private sector, the NGOs and civil society organizations. There is also a
great deal of emphasis today on good governance, free from corruption and embodying transparent and participatory processes.

In his Asia and Pacific Lecture, Prof. Amartya Sen underlines that a deliberate combination of State action and the use of the market economy was one of the special features of the East and South East Asian social sector development process. The market mechanism has achieved great successes under conditions in which opportunities offered by it have been reasonably shared. Provision of basic education and health and widely shared command over elementary resources like land have been conducive to ensuring the success of the development process. But these demands call for appropriate public policies and "carefully and determined public action going well beyond the simple fostering of markets". The W.D.R. (1999-2000) states, "A strong network of effective organisations and enabling institutions is central to holistic development". Countries with stable governments, predictable method of changing laws, secure property rights and a strong judiciary saw higher investment and growth than those lacking these institutions.

Today "people" are regarded as the means and the end of development. Even with the best will in the world, a government
is unlikely to meet collective needs efficiently if it does not know what these needs are. The emergence of private and NGO alternatives for the provisioning of social sector services can help in meeting gaps in the supply of such goods and services. NGOs can act to improve the delivery and quality of social services. There is considerable scope for involving the public directly in social sector services. A recent study of villages in Maharashtra found that households in villages with a higher degree of participation in village level social organizations have a higher average income per capita than those household in villages with low levels of social capital been conducive Economic

**Reforms & Social Development**

In the initial period of Economic Reforms and even now there are zealots arguing, that the increase in the GNP brought about by economic reforms can take care of the objectives of social sector development. Prof. Amartya Sen has raised the very pertinent question: Are not "the reforms much too conservative in keeping intact governmental under-activity in social infrastructure, while trying to cure governmental over-activity in trade and manufacturing industries"? Prof. Sen puts the reforms-social sector development dilemma in the correct perspective when he says that whereas on
the one hand, the opportunities offered by a well functioning market may be difficult to use when a person is handicapped by, say, illiteracy or ill health, on the other hand, a person with some education and fine health may still not be able to use his or her capabilities because of the limitations of economic opportunities, arising from absence of markets, or overzealous bureaucratic control or lack of finance.

Social opportunities are, thus, influenced by a variety of factors which include both a properly functioning market as well as a deliberate provisioning of social services. Taking the case of India, Prof. Sen states that the blame for independent India's past failures is often put on the insufficient development of market incentives. While there is considerable truth in that diagnosis, it is quite to ensuring the success inadequate as an analysis of what has gone wrong in the country. There are many failures, particularly in the development of public educational facilities, health care provisions, social security arrangements, local democracy, environmental protection, and so on, and the stifling of market incentives is only one part of that larger picture. Issues of economic reforms, liberalization and de-regulations, further emphasizes the need of strengthening the case of Social Sector Development Prof.
Sen, therefore, suggests that "If the central challenge of economic development in India is understood in terms of need to expand social opportunities, then liberalisation must be seen as occupying only one part of that large stage."

Summit for Social Sector Development was held under the aegis of the United Nations in Copenhagen in March 1995.

The Summit adopted a Declaration and a Programme of Action on Social Development. This was subsequently endorsed by the General Assembly of the United Nations. At the Summit, the participants launched "a global drive for social programmes and development", Declaration states: "Social development and social justice are indispensable for the achievement and maintenance of peace and security within and among our nations. In turn peace and security and respect for all human rights and fundamental freedoms are necessary for attaining social development and social justice." They also emphasised the link between economic development, social development and environmental protection. They stated that these are "interdependent and mutually reinforcing components of sustainable development". They recognized, in particular, that broad-based and sustained economic growth is necessary to sustain social sector development. In spite of the progress, the development
of social sector in India remained a matter of great concern. A large proportion of the population had limited access to income, resources, education, health care and nutrition. There is need to stress simultaneously economic development and social sector development to sustain development process in a more conventional source. To sustain this process in Post – Reform Period, both the Government and the private sector, in a partnership style, are required to give attention to Social Sector Development, which has great relevance to economic development.

Thus we find that Education and health, development and human welfare are closely linked and must be rated high in social sector priorities and it is more so needed in State like U.P. where Education is not given due importance. This chapter advocates the adoption of a broader perspective towards social sectors that would ensure not only equity but also sustained increase in welfare in the long run. A natural question that arises in this context, particularly in view of the macroeconomic adjustment programme that is currently being implemented, is the fiscal implication of such a strategy. The resource costs of an integrated approach need not be phenomenal if there is recognition of the interlinked nature of the problem and public action is taken in a manner that maximizes synergies. A retracting of even the current
expenditures being incurred by the government at various levels can lead to substantial gains if properly implemented. It is also necessary to recognize that the scope for additional resource mobilization has not yet been exhausted in most states. That such expenditures can be effectively financed through innovative tax measures is illustrated by the government of Maharashtra which taxes urban dwellers to finance its Employment Guarantee Scheme. Similar measures may be taken by the Govt. of U.P. to finance health and education services with a view to increase the welfare of the people.

Identification of the linkages between various components of promotional and protective social security as also between social security and economic growth, careful scrutiny of various alternative forms of financing, including social insurance and devising suitable organizational structures that ensure wide people's participation in given social and cultural contexts is to be obtained. Urgent and concentrated efforts in this direction are necessary if the state of U.P. is to be developed in social status which would be possible only by increasing Education and medical and health services in the State.
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