Government Expenditure on Education and Health Services

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Abstract: The ultimate objective of development planning is human development or increased social welfare and well-being of the people of a nation. This goal is also important because the sustainability of the development process hinges upon the quality of life enjoyed by the people. A healthy and educated population leads to increased productivity which, in turn, can contribute effectively to output growth (Economic Survey, 2009) services, which are considered to be an input into human capital generation, empowerment and social justice. This paper also tries to find out the difference between the proposed outlays of the Government for these two services specially and the actual outcomes. This paper tries to analyze the issues related to the public expenditure on social sector and human development. To make the discussion more focused; this paper mainly covers only two issues –education and health.

Keywords: Education, Health, Public Expenditure, Human Development

Introduction

The ultimate objective of development planning is human development or increased social welfare and well-being of the people of a nation. This goal is also important because the sustainability of the development process hinges upon the quality of life enjoyed by the people. A healthy and educated population leads to increased productivity which, in turn, can contribute effectively to output growth (Economic Survey, 2009) services, which are considered to be an input into human capital generation, empowerment and social justice. This paper also tries to find out the difference between the proposed outlays of the Government for these two services specially and the actual outcomes.

In the last few years, India has become one of the world’s fastest growing economies. The high economic growth of the last few years has provided the government with additional resources for expenditure on social sectors like health, education etc. In 2004 the Government of India has started a programme, “The National Common Minimum Programme (NCMP)”, reflected the government’s commitment to rapid and inclusive growth through higher and targeted investments aimed at the poorest of the poor. The NCMP outlined ambitious public expenditure targets on key social services like public spending on education and health is only two-three percent of gross domestic product (GDP) respectively. However, there seems to be a gap between plans on paper and the actual practice. Though the Governmental expenditure to the social sector services (SSS) have been rising but outcomes are not very encouraging. To achieve the objective of sustained inclusive growth, it is important to analyse various issues relating to budgetary allocations for the social sector and related implementation modalities.

This paper tries to analyze the issues related to the public expenditure on social sector and human development. To make the discussion more focused; this paper mainly covers only two issues –education and health

SSS: Role of the Government

The Central government expenditure on the social sector is only one-fifth of total social sector expenditure in India, and that 80% of the expenditure is incurred by the States. The division of responsibilities between the Centre and the States is laid down by the Constitution. Health and most rural development issues are the responsibility of the States but issues like education, welfare and employment, both the Centre and the States are responsible. In practice, there is an involvement of the Centre in all social sectors (Mooij, J. and Dev, S. M. 2004).

India’s commitment towards increased social welfare and well-being of its people can be gauged by the massive increase in the share of central government expenditure on social services. Central government’s expenditure on social services and rural development has gone up consistently over the years. The share of central government expenditure on social services including rural development in total expenditure has increased from 10.46 per cent in 2003-04 to 19.46 per cent in 2009-10, according to the Economic Survey of this year. But the issue is, weather the approach of the Government for social sector expenditure has changed in any manner and has anything changed in social sector financing strategy or not. Despite all these most important issue for consideration is to see have any increase in budgetary allocations for education and health services in absolute as well as in relative terms?

Expenditure figures differ from allocation figures. The reason for analyzing expenditure rather than allocation figures is that they give a better impression of the priorities. They are not so much based on good intentions, but are the concrete result of decisions and other social processes and compulsions. It is, however, interesting to analyze the gap between allocations and expenditures, and the reasons behind this gap (Mooij, J. and Dev., S. M. 2004).

Education: The Challenges

Education is the engine of economic growth and social change. It creates motivation for progress and brings revolution in the ideas necessary for the progress of the country. Education empowers the poor to participate in the growth process.
Despite various efforts made by the government to give a boost to education, every third illiterate person in the world is an Indian. Rising budgetary allocations have increased the number of schools but the quality of education offered is still sub-standard mainly because of supply side constraints. The introduction of schemes, such as MDMS and SSA has helped in increasing enrolment but drop-out rates before completion of primary education are still high, implying wastage of public money which often runs into crores.

India lags behind China and Sri Lanka in terms of the adult literacy rate and education index but is doing far better than its other neighbors such as Pakistan, Bangladesh, Nepal and Bhutan. According to the Human Development Report, 2009, adult literacy rate (aged 15 and above) in 1999-2007 was 66.0 percent in India as against near 100 per cent in many of the developed nations, 93.3 per cent in China and 92.0 per cent in Indonesia. However, in terms of the combined gross enrolment ratio for primary, secondary and tertiary education India is doing better than all its neighbors except China.

**Patterns of Public Expenditure in the Education Sector**

In this section of the article we analyze the expenditure patterns in the education services in India. According to the data collected by the budget document and the Ministry of the Rural Development, the share of Central Government expenditure on social services in total expenditure (Plan and non-Plan) has increased. Another important issue is the revenue from education cess. The basic objective of imposing a cess on taxpayers is to generate additional resources for the development of the sector. In 2006-07 and 2007-08, the education cess funded 38 and 49 percent of total expenditure on education respectively. This reflects a gradual rise in the revenue from cess and reduced contribution of other budgetary resources to total expenditure on education. Thus, the education cess is being used as a substitute for budgetary allocations and not as an additional source of revenue to boost the existing allocation to education.

**Outcomes**

Within the education sector, the priority of the government has been elementary education with almost 50 percent of budgetary allocations for education being targeted towards this sub-sector. But higher allocations do not always mean better outcomes, better utilization is also matters. The government spends a huge amount of public money on school education but the outcomes have not been very much satisfactory. The government has showcased provision of proximate access to primary schools to more than 90 percent of the population as an achievement. However, the quality of education related infrastructure is shocking. School buildings consist of one or two rooms; these are located in unhygienic environment and lack sanitation facilities for children. The student-teacher ratio is very high and absenteeism among students and even teachers has been common. Finally enrolment becomes low and dropouts are high. Thus, from all indications, money allocated for education is not being properly utilised.

There is a need to emphasise quality over quantity, i.e. it is important to have good infrastructure, spacious and hygienic surroundings and regularity in attendance by teachers and students even at the expense of numbers. Enhancement of quality of infrastructure and related facilities would help get over problems like low enrolment and poor attendance and thus ensure better utilisation of public expenditure on education.

One of the important reasons for poor outcomes of public expenditure on education has been the inability of the government to provide targeted assistance to needy students. The government has been financing schools instead of directly financing the education of children. The financing of schools has led to wasteful expenditure with little improvement in either quality of service or access to education. On the other hand, financing of students (through vouchers) encourages greater competition among schools in attracting students and, therefore, an improvement in the quality of schooling.

**Healthcare: The Challenges**

There has been some improvement in the quality of healthcare over time, but with wide inter-state, male-female and rural-urban disparities the progress in health services has been quite uneven across regions. India’s ranking in terms of health performance indicators continues to be unsatisfactory even in comparison to some of its poorer neighbors. While India has a male life expectancy of 63.3 years, the corresponding figures for Bangladesh and Sri Lanka are 63.4 and 68.8 years respectively. On the other hand, the Chinese enjoy a much higher male life expectancy of 71.4 years. Indian female life expectancy (66.6 years) is much lower than that for males but is still far below that of China (74.9 years) and Sri Lanka (76.3 years), according to the Human Development Report of 2009.

Similarly, while India has an Infant Mortality Rate (IMR) of 54 per 1000 live births, Nepal, Bangladesh, Sri Lanka and Bhutan have lower IMRs of 53, 51, 11 and 44 respectively. China’s IMR is only 23, suggesting a huge lead over India in the nutrition and care of infants. Incidence of early fertility is the highest in India with 62 births per 1000 women in the age group of 15-19 years, far in excess of that in Pakistan, Sri Lanka and Iran with figures of 36, 25 and 20 respectively. China’s performance in terms of this indicator is far better than all mentioned countries with eight births per 1000 women in the same age group. In regard to conditions provided for delivery of infants, 47 percent of births in India take place under skilled supervision while Sri Lanka does much better at 97 percent.

A country like India, where the incidence of poverty is very high, needs to have extensive health safety nets. The health network has expanded rapidly but remains widely skewed. The irony is that medical tourism in India is becoming popular with patients coming from overseas, but our own citizens do not have proper access to basic healthcare services.

**Patterns of Public Expenditure in the Health Sector**

The provisional estimates from 2005–06 to 2008–09 shows that health expenditure as a share of GDP has significantly come down to 4.13% in 2008–09. Though health expenditure has increased in absolute terms, the proportionately higher growth of GDP has resulted in a moderate increase in the share of health expenditure to GDP over the years. Among all the sources, households.
contributed a significant portion at 71.13% of total health expenditure for availing health care services from different health care institutions.

**Outcomes**

Inadequate and inefficient expenditure on the public health system has led to deterioration of quality and it has adversely affected the vast majority of the poor, who are its main users. This has forced the poor to shift to private healthcare system which is almost unregulated. Programmes, such as National Rural Health Mission (NRHM), Integrated Child Development Services (ICDS), Janani Suraksha Yojana (JSY), Pradhan Mantri Swasthya Suraksha Yojana (PMSSY) etc. have been implemented to provide accessible, affordable and quality health services to the rural poor and pre-school children in rural areas and urban slums, however, their implementation leaves a lot to be desired for instance. These programmes are being implemented through underpaid women workers [Associated Social Health Activists (ASHAs) and Anganwadis constitute the backbone of these schemes] receiving less than minimum wages, and lack adequate equipment and infrastructure.

Though the Government has been implemented a lot of such programmes but the benefit doesn’t goes to the poor community, actually they have always been deprived from these benefits because of the loopholes’ of our system and administration. Indian Government is spending a lot to improve the health services and to give direct benefit to the poorer but the efforts not seems enough due to a huge difference of the programmes and their implementation.

**Conclusion & Suggestions**

In the light of the whole discussion we can conclude that the social service sector in India suffers from high inadequacy of public finance and therefore an immediate and significant scaling-up of resources is important. The undue burden on households for spending on health & education cannot be appreciated anyway. External funding in these services is also increasing significantly, international downer gives money to education and health services but these kind of activities reduce the incentive which taken by the Government. There is an urgent need to restructure the whole budgeting system to make it more functional and effective.

The budgetary allocations to social sector services are increasing but without any significant increase in welfare benefits to the society it doesn’t has any mean. A change in the implementation techniques of budgeted schemes is required for better outcomes. In fact, government expenditure on social services hardly benefits the needy and poor people because of a lot of leakages in functions and misuse of funds. Only well targeted expenditures coupled with perfect implementation can benefit the poor. The basic problem is very often, a weak planning capacity of the government and an irregular funds flow. Our funds system is just like a water pipe and pipe is too narrow, it leaks at various places and water doesn’t reach the intended destination on time (Mukharjee, Anit, PPP). Rules and procedures for actual release of funds need a thorough review. A higher decentralization of funds, aligned with functional needs and responsibilities, is required. However, any decentralization and financial delegation needs to be carefully calibrated and sequenced. In other words, decentralization can only be done after developing the requisite financial capability and laying down rules and procedures for accounting systems. Unless such restructuring of budgetary allocations and decentralization of funds takes place, greater absorption of funds will continue be difficult. Experience all over the world suggests that it is not so much the size of the government budget but how it is spent that determines the efficacy of the system.

**References:**