

Political Economy of Human Development Expenditure in Rajasthan Since 1980

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ABSTRACT

Human development is the basic objective of any society instead of focusing on economic growth alone. Human development is a process which enlarges people's choices to live longer, healthier and better. Existing measures of human progress failed to account for the true purpose of development-to improve people's lives.

Strong policy actions are needed for the generation and better distribution of primary income. The policy makers should, therefore not only need to understand the factors that affects growth of a particular economy, but also the factors that helps redistribute the effects of growth more effectively & evenly.

Since the aim of a government is to enhance social welfare, therefore public spending is considered a powerful instrument in achieving this goal. This paper examines the trends and patterns of public spending on human development/ human development expenditure in Rajasthan. It attempts to explain these trends in view of overall changes in the fiscal situation of the State and examines in detail the composition of public expenditure in sectors which are important for human development.

Keywords

Political Economy, Human development expenditure, Human development indicators, Social Priority Ratio, Social Allocation Ratio, Human expenditure ratio, Public expenditure Ratio

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Introduction

Rajasthan began its journey towards development with a number of disadvantages and also some notable advantages. It is the largest state in terms of its area, land locked from all sides, two third's of its area is arid or semi arid, has low rainfall resulting in its over dependency on monsoon every year and has less fertile land compared to its neighbouring states. The notable advantages are its rather peaceful social & political environment, excellent rail & road network, its close proximity with national political power, a huge mineral & mining base and growing tourism industry. But despite all these it is a predominantly agrarian state.

The earlier mentioned handicaps are further compounded by the rapidly growing population, which is among the highest in the country, and widening gaps in provision for social sectors like education & health and creation of basic infrastructures has to be addressed by the successive governments. The fragile state of its economy makes the task of resource mobilization towards these sectors even more challenging for the policy makers.

Being one of the top performing states of India in which the contribution of Agriculture is 28 percent to that of service sector an impressive 43 percent and remaining contribution coming from Industrial sector being 29 percent of the state GDP. The economic growth of 7-7.5 percent annually promises a long term development and has the potential to reach 14-15 percent growth in future. At the same time the urban-rural differential is quite significant. As a result the rural areas face a number of tougher challenges as compared to urban areas. This requires well planned multilevel approach by policy makers. The approach has to be a long term strategic thinking which has the mandate of its people's aspirations, led by proactive & visionary political leadership and the support of central government. This will ensure sustainable development of Rajasthan in terms of inclusive & responsible development. As we all know human development has in recent time drawn maximum attention of Economic policy makers.

The human development concept was developed by economist Mahbub ul Haq. At the World Bank in the 1970s, and later as minister of finance in his own country, Pakistan, Dr Haq argued that existing measures of human progress failed to account for the true purpose of development — to improve people's lives. In particular, he believed that the commonly used measure of Gross Domestic Product failed to adequately measure well-being. Working with Nobel Laureate Amartya Sen and other gifted economists, in 1990 Dr Haq published the first Human Development Report, which was commissioned by the Programme.

Millions in developing and industrial countries lack the very basic requirements of a decent and satisfying life, characterised by food, safe water, education, health care adequate shelter and a clean environment. Above all, a low income frustrates people's development, for they simply do not have the means to acquire the basic goods they need. Nor in many case do their governments offer a much support through health, education or

other services as they should. Most of what people need comes from individual or family efforts—from what they earn or from what they grow or make for themselves. This is their primary income (as distinct from secondary income received in kind from government). The size of the primary income determines what food or other essential items any household can afford. The best strategy for human development to increase the primary income in a society by unleashing the creative energies of its people, its resources and its capacities, and by ensuring that these incomes benefit the majority of the population.

Strong policy action is needed for the generation and better distribution of primary income. Sustained and more equitable economic growth puts households in a much better position to meet their needs as the experience of the newly industrializing East Asian economies shows. But if those in power maintain unjust pattern of land distribution, or neglect to promote employment opportunities, they will keep people poor and impede the country's entire development effort. Governments do, of course, withdraw some of this primary income in taxes. In return, they are expected to ensure personal and national security, and provide physical infrastructure (like roads and electricity) as well as social infrastructure and services (like health clinics, schools and food subsidies). For the poorer people, government services can help make up for the inadequacy of their primary incomes. But there can be striking differences between one country and another in the amounts of money raised in taxation—and in the ways it is spent. This study explores the opportunities for public financing of human development. It look closely at the proportion of each country' income spent through the government budget on social priority areas. Before analysing the patterns and efficiency of public social spending in developing countries, however, the role of the state should be placed in a broader perspective. First among the state several functions that bear on human development is the responsibility for encouraging the creation of productive, remunerative, satisfying employment—including self-employment. Jobs do more than provide income and produce goods and service. They also engage people in the activities of the community, making them agents of change. Sensible macroeconomic policies can help achieve this. The exchange rate, for example, should not be overvalued, and there should be no trade restrictions that handicap labour intensive exports. Inflation should be controlled, and interest rates should not lead to credit rationing that excludes small borrowers. Nor should the country's distribution of assets discriminate against small entrepreneurs and their workers stilling initiative and worsening poverty. But even the best macroeconomic policies may fail unless they are properly monitored.

Human development has recently been advanced as the ultimate objective of human activity in place of economic growth. Human development has been defined as enlarging people's choices in a way which enables them to lead longer, healthier and fuller lives. Empirical finding show that countries at similar level of per capita income can have significantly different human development indicators depending on how that income was used. According to Kuznets inverted 'U' shaped curve, as the economy develops the inequality increase in the initial stage. The inequality promotes poverty which creates obstacles in the path of human development. It is well known that economic growth is a necessary but

not a sufficient condition for eradication of poverty. The policy makers should, therefore not only need to understand the factors that affects growth of a particular economy, but also the factors that help redistribute the effects of growth more effectively. Traditionally, tax and expenditure on public goods have been used as the most important forms of redistribution instruments. In recent years, however, public expenditure on education and health have been used as prominent mechanism for effecting redistribution.

Since the role of a government is to enhance social welfare, therefore public spending is considered as a powerful instrument for achieving this goal. Public expenditure can overcome market failures that exacerbate poverty, such as the inability of the poor to borrow for education, their lack of information about preventive healthcare, or the externalities that exacerbate public health hazards to which the poor are most exposed. The importance of public expenditure in the process of human development is well recognised.

This paper examines the trend and pattern of public expenditure on human development in Rajasthan and attempts to explain these trends in view of overall changes in the fiscal situation of the State. The paper also presents a comparative analysis of the level of public spending on human development in Rajasthan with India. In context of it we set some objectives to come on correct conclusion.

Objectives of the Study

1. To examine, the trend and pattern of public expenditure on human development in Rajasthan
2. To explain, these trends in view of overall changes in the fiscal situation of the State.
3. To examine, the trends in Human development expenditure in Rajasthan since 1980s.
4. To examine, the trend and pattern of social sector expenditure on human development in Rajasthan
5. To examine the Rajasthan's performance in context of Human Development

Research Methodology

To examine, in detail the composition of public expenditure in sectors that are important for human development of Rajasthan and for detailed analysis of expenditure under different heads, collection of data mainly based on secondary sources, collected from the planning commission, Directorate of Economics and Statistics, Budget Study, Economic Review and various other reports and documents released by Government of Rajasthan.

The Analysis of Human Development Expenditure

The extent of human development expenditure has been measured in earlier studies in two ways. First, based on UNDP's Human Development Report 1991, studies have used four ratios to indicate the priority assigned by States to expenditure on human development. These are (i) Public expenditure ratio (PER), defined as the total budgetary expenditures

as a proportion of GDP (ii) Social Allocation Ratio (SAR), defined as the share of budgetary expenditure on the social sector in total budgetary expenditure (iii) Social Priority Ratio (SPR), defined as the proportion of social sector expenditure that is spent on human priority areas, and (iv) Human expenditure ratio (HER), which is a product of the first three ratios and measures the budgetary expenditures in human priority areas as a proportion of GDP. It is a powerful operational tool that allows policy makers who want to restructure their budgets to see existing imbalance and the available options.

In addition to these ratios, studies have also used trends in per capita expenditure on social and human priority sectors to measure public spending for human development. It is important to examine trends in per capita expenditure along with the UNDP ratios as the UNDP ratios measure the human development expenditure in relation to income and do not indicate the absolute level of expenditure on human development in any State. So in this analysis apart from the ratios proposed by UNDP, per capita expenditure on Social and human priority and the change in its composition over the period has also been analysed.

Several important policy conclusions emerge from the UNDP's analysis of public expenditure on human development.

- The human development expenditure ratio may need to be around 5 percent if a country wishes to do well in human development.
- A preferred option is to keep the public expenditure ratio moderate (around 25 per cent), allocate much of this to the social priority area (giving those more than 50 per cent).
- High government spending with low social priorities is the worst case. If 25 percent or more of national income is channelled through the government budget, and yet less than 1 per cent of GNP goes into human priority concerns, this is the worst of all possible worlds. The public sector is huge yet the majority of the population does not benefit from public social expenditure.
- If public expenditure is already high (as in many developing countries) but the social allocation ratio is low, the budget will need to be reassessed to see which areas of expenditure could be reduced.
- If the first two ratios are high, but the ultimate human development impact, as reflected in human development indicators is low, the social priority ratio must be increased.

Overall Pattern of Human Development Expenditure in Rajasthan Since 1980

The paper, analyse trends in both the UNDP ratios and the per capita expenditures. The first step towards such an analysis is to define what constitutes social sector and the human priority areas. In this paper, social sector is defined to comprise expenditure on broad budgetary heads called Social Services and Rural Development. Social Services include following subheads:

(i) Education, Sports, Art and culture; (ii) Medical and Public Health; (iii) Family Welfare;

(iv) Water Supply and Sanitation; (v) Housing; (vi) Urban Development; (vii) Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Castes; (viii) Labour and Labour Welfare; (viii) Social Security and Welfare; (ix) Nutrition; (x) Relief on Account of Natural Calamities; (x) Other Social Services.

Within the social sector, social priority areas are defined to comprise elementary education, health and family welfare (excluding medical education, training and research), nutrition, water supply and sanitation and rural development. These are sectors that are particularly important for human development.

The overall human development expenditure in Rajasthan as reflected in all four ratio namely PER, SAR, SPR, and HER estimates in presented Table-1.

Table-1: Indicators of Expenditure on Human Development in Rajasthan Since 1980

YEAR	PER	SAR	SPR	HER
1980-81	3.78	32.49	81.89	1.01
1981-82	4.32	34.78	75.35	1.13
1982-83	4.59	37.52	82.32	1.42
1983-84	4.35	36.36	84.44	1.33
1984-85	5.10	37.08	91.20	1.73
1985-86	5.90	36.26	90.07	1.93
1986-87	6.42	34.18	89.99	1.97
1987-88	9.15	34.14	83.80	2.62
1988-89	6.82	36.34	88.03	2.18
1989-90	7.30	38.51	92.17	2.59
1990-91	8.14	38.24	85.56	2.66
1991-92	11.42	32.38	86.70	3.21
1992-93	11.04	34.38	87.11	3.31
1993-94	13.66	34.12	88.38	4.12
1994-95	13.41	35.23	89.73	4.24
1995-96	16.70	33.55	88.20	4.94
1996-97	14.63	37.59	89.06	4.90
1997-98	15.07	36.40	90.28	4.95
1998-99	16.83	41.80	88.14	6.20
1999-2000	18.46	38.92	90.84	6.53
2000-01	20.77	39.97	86.15	7.15
2001-02	20.00	39.35	87.75	6.91
2002-03	23.86	38.04	85.64	7.77
2003-04	22.03	37.04	81.11	6.62
2004-05	16.89	40.35	86.34	5.88
2005-06	17.32	41.27	87.45	6.25
2006-07	17.66	42.15	83.81	6.24

YEAR	PER	SAR	SPR	HER
2007-08	22.48	36.18	86.38	7.03
2008-09	23.22	42.32	86.92	8.54
2009-10	24.59	41.53	86.95	8.88
2010-11	23.47	39.51	86.12	7.99
2011-12	27.16	38.75	82.79	8.71
2012-13	34.10	37.78	83.00	10.69

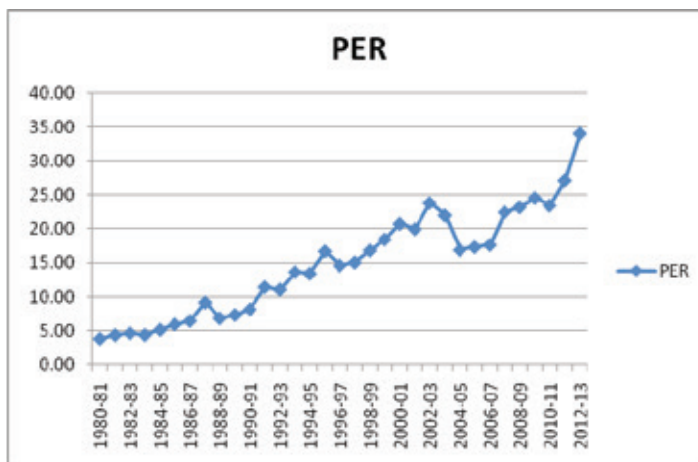
Notes

PER= Public Expenditure/GSDP; SAR= Expenditure in the social sector/GSDP; SPR= Expenditure in Human Priority Areas/Expenditure in the Social sector Expenditure under different heads has been estimated as the sum of revenue expenditure and capital expenditure (including loans and advances net of repayments)

Source: Estimated on the basis of data from Planning Commission, Government of India and Directorate of Economics & Statistics, GoR

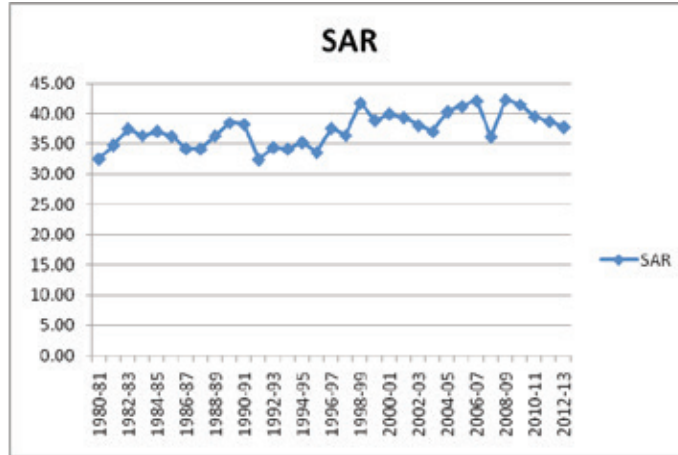
If we look at the period 1980-81 to 2012-13, average public expenditure ratio has been around 14.87 percent. Over the period, this period the public expenditure ratio declined with respect to the GSDP growth rate which was about to 6.5 percent per annum at constant prices. It was increased during 1998-99 to 2003-04. This increase after 1998-99 was primarily due to an increase in salary expenditure brought about by the recommendation of fifth pay commission, decrease the retirement age and grin situation of two consecutive droughts in Rajasthan. Despite this the level of PER in 2012-13 was 34.10 percent (Figure-1).

Figure-1: Public Expenditure Ratio in Rajasthan since 1980



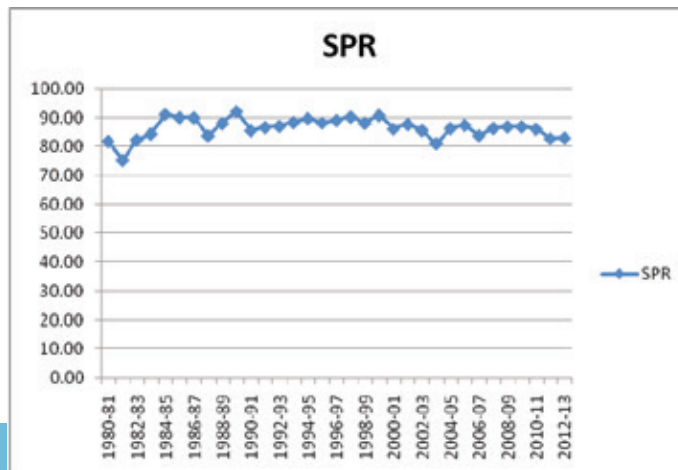
In terms of allocation to social services the average growth rate of SAR during the 1980-2013 is 39.55 per cent which is about 40 per cent as suggested by UNDP's report. It was maximum in 2008-09 with 42.53 percent and minimum in 1991-92 with 32.38 percent. Trends in SAR presented in Figure-2.

Figure-2: Social Allocation Ratio in Rajasthan since 1980



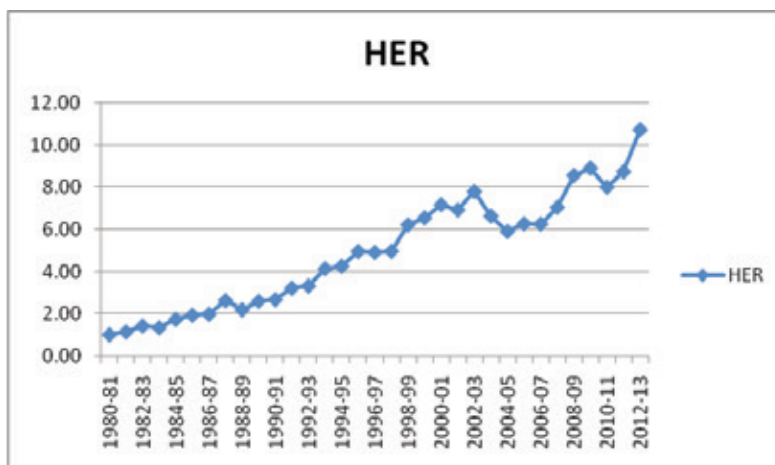
It is seen that many states of India have very low standards of public health, education and water. For them the priority must be basic education, primary healthcare and extension of basic water system to poor areas of both rural and urban. In context of it we calculate allocation of expenditure on social priority sector comprising education, art & culture, health and family welfare, nutrition, water supply & sanitation and rural development in Rajasthan since 1980. The average growth rate of SPR during this period is 85.35 per cent which is higher than the UNDP norm (50 percent). It was maximum in 1989-90 with 92.17 per cent and lowest in 1981-82 with 75.35 per cent. Trends in SPR are presented in Figure-3. This analysis shows that although the social sector spending is low in Rajasthan but whatever is spent in the name of social sector, its major share goes to the priority sector.

Figure-3: Social Priority Ratio in Rajasthan since 1980



In analysis of HER, UNDP support if a country / state wishes to do well in human development the HER may need to be around 5 per cent. This also indicates a good political commitment from the government to Human priority or social priority concerns. In Rajasthan HER since 1980, on an average has been around 4.9 per cent (Figure-4).

Figure-4: Human Expenditure Ration in Rajasthan since 1980



However, HER itself cannot reveal the true picture of human development, unless human development spending per person in absolute terms is taken into account. Therefore the per capita public expenditure, per capita social sector expenditure and per capita social priority expenditure are presented in Table-2.

Table-2: Trends in Per Capita Real Expenditure on Human Development in Rajasthan Since 1980

(in Rupees)

Year	Per Capita Public Expenditure	Per Capita Social Sector Expenditure	Per Capita Social Priority Sector Expenditure
1980-81	982.7	319.24	261.42
1981-82	1209.76	420.74	317.04
1982-83	1315.36	493.52	406.28
1983-84	1481.55	538.69	454.9
1984-85	1653.72	613.25	559.26
1985-86	1928.22	699.22	629.77
1986-87	2310.47	789.74	710.71
1987-88	3130.16	1068.76	895.66
1988-89	3134.55	1139.22	1002.84
1989-90	3304.8	1272.72	1173.08

Year	Per Capita Public Expenditure	Per Capita Social Sector Expenditure	Per Capita Social Priority Sector Expenditure
1990-91	4245.48	1623.65	1389.25
1991-92	5620.09	1819.82	1577.81
1992-93	6141.75	2111.6	1839.39
1993-94	7174.55	2447.88	2163.48
1994-95	8212.86	2893.53	2596.31
1995-96	10606.26	3558.81	3138.72
1996-97	10381.33	3902.37	3475.64
1997-98	11844.1	4310.95	3891.88
1998-99	13810.62	5772.24	5087.79
1999-2000	15270.88	5943.4	5399.18
2000-01	16838.78	6729.76	5797.7
2001-02	17970.89	7072.3	6206.18
2002-03	19321.12	7349	6293.95
2003-04	22954.63	8502.47	6896.05
2004-05	21572.04	8704.12	7515.42
2005-06	23604.9	9742.02	8519.6
2006-07	26869.62	11325.21	9491.85
2007-08	35970.88	13014.33	11241.33
2008-09	40535.61	17153.74	14910.53
2009-10	45804.74	19022.84	16540.23
2010-11	50386.08	19909.77	17146.06
2011-12	61881.66	23977.53	19851.28
2012-13	81805.51	30908.07	25653.98

Notes:

Expenditure under different heads has been estimated as the sum of revenue expenditure and capital expenditure (including loans and advances net of repayments)

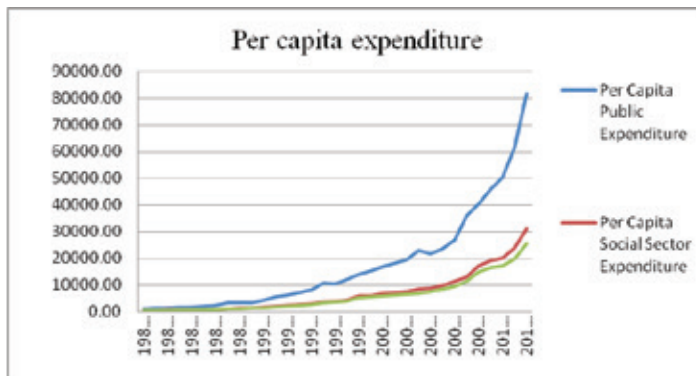
Source: Estimated on the basis of data from Planning Commission, Government of India and Directorate of Economics & Statistics, GoR

Figure-5 shows the trends in real per capita expenditure on social sector and social priority areas in Rajasthan since 1980. The figure shows that there was a significant increase in per capita expenditure over this period. The per capita public expenditure has increased from Rs. 982.70 in 1980-81 to Rs. 81805.51 in 2012-13. The per capita social sector expenditure has increased from Rs. 319.24 in 1980-81 to 30908.07 in 2012-13. The per capita social priority sector expenditure increased from Rs. 261.42 in 1980-81 to Rs. 25653.98 in 2012-13.

The rate of growth of per capita expenditure is far greater than the rate of growth of per capita social sector and social priority sector. Therefore from this analysis a very interesting facts comes out. This increase in per capita expenditure heads over this period is mainly on the non-development expenditure heads which primarily consists of interest payment, wage and salaries etc. There were some reasons, first, a rule was implemented for government employee in 1976 that employee earned leave is 30 days in a year.

Government decided to give cash payment for one month's salary in two years. Despite this, the step has brought an annual burden of about Rs. 100 Crores. Second, in 1992, the government initiated the scheme of giving three promotions to all employees after 9, 18 and 27 years of services. This increased the pension burden from 236 Crore in 1992-98 and Rs. 1693 Crore in 1998 to 2028 Crore in mid of 1998-2003. Third, in 1997, central government revised the pay scale of employees it increased the salaries and pension around 40 percent. Since, then the expenditure on this account has been rising with annual growth rate of 7 percent. The payment under pension and miscellaneous general services also increased with 43 percent in 1998-03. Fourth, the reduction in retirement age from 60 years to 58 years put extra pressure of Rs. 750 Crore on an account of payment of pension, provident fund and gratuity etc.

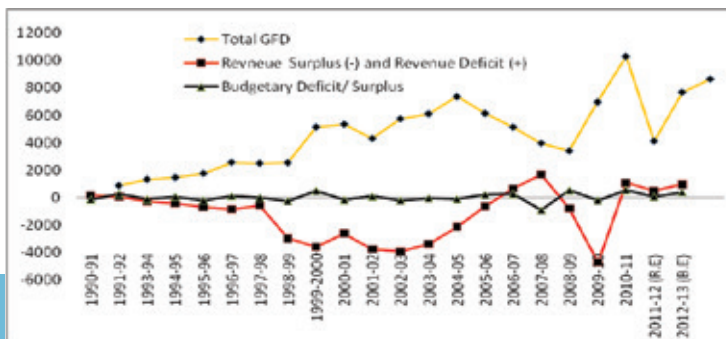
Figure-5: Trends in Per Capita Real Expenditure on Human Development in Rajasthan Since 1980



Human Development Expenditure and Fiscal Situation in Rajasthan

The increment in human expenditure ratio in Rajasthan has to be analysed in the light of changes in the fiscal situation in Rajasthan. The fiscal situation in the state affects the expenditure on the human development. Figure-6 shows the trends in fiscal and revenue deficits in the state.

Figure-6: Trends of Fiscal and Revenue Deficits in Rajasthan



The financial position of Rajasthan, like that of several states of India, has deteriorated greatly in the late 1990s. While the deficits of all states increased in the late 1990s due to the increase in salaries by the Fifth Pay Commission, Rajasthan faced a double crisis: that of *wage increases* and *repeated drought*. Real wages increased by about 30 percent, with salary and wages accounting for nearly 8 percent of GSDP in 2000-01. Indexed to real wages, pensions doubled in the five years following the wage increase. At the same time, Rajasthan had to endure three droughts in 2000-01, 2002-03 and 2004-05. The combined impact of these supply shocks, coupled with increased interest payments on a rising debt stock, raised deficits by more than 3 percent of GSDP between 1997-98 and 2002-03, despite improvement in own tax revenue performance. Capital expenditures bore the brunt of the adjustment—falling by half between 1997-98 and 2000-01, to less than 2 percent of GSDP. Indicating the deep fiscal stress, the GoR was in overdraft situation during one of every three days in the five years ending in 2002-03. This fiscal imbalance is reflected in rising revenue and fiscal deficits, interest liabilities, outstanding debt etc., both in absolute term and as percentage of GSDP. Increase in gross fiscal deficit, interest payment liability and outstanding debt is a cause of serious concern for state economy.

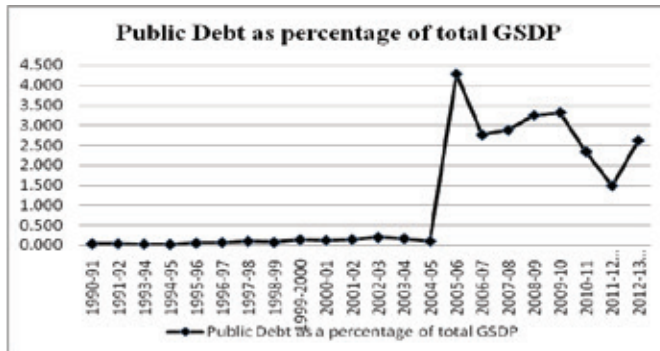
After several years of acute fiscal stress, a fiscal adjustment trend had emerged in Rajasthan in FRBM Act, 2005 which aimed to reduce the fiscal deficit by 3 percent ahead of two years before the target date fixed by FRBM Act, 2005. Sustaining this trend will be essential, since only good fiscal performance can create the fiscal space for developmental expenditure in a sustainable manner.

During 1993-98 the GFD as ratio of current GSDP was 4.48 percent average spread over the five year period. In 1998-2002 it was 6.9 percent which was highest. For strengthening the fiscal situation at State as well as the District level, the Twelfth Finance Commission (TFC) had recommended the implementation of FRBM Act, 2005. The FRBM Act fixed the target to keep GFD at three per cent. The State was able to keep it under 3 percent. After the implementation of FRBM Act, in 2006-07 it was 2.6 percent and in 2007-08 it was 1.9 percent. The State Government has returned to Fiscal Consolidation path and as a result, the Fiscal Deficit was reduced to 0.9 per cent of GSDP in the year 2011-12.

In the recent past the service sector has been continuously developing in the State and contributing a large part in the GSDP. Its contribution is about 47 percent (2007-08 to 2011-12) in State GSDP at constant (2004-05) prices. In 11th Five Year Plan, the State Government has taken up a number of initiatives in order to improve the growth momentum of this sector.

The State has shown a healthy growth path during the last 11th five year plan where its average growth rate of 8.46 percent was higher than the National average of 8.03 percent. Both educational and health indicators in the State have shown a substantial improvement in recent years. Public debt as ratio of GSDP also increased sharply in 2005-06 with growth rate of 4.27 percent (Figure-7).

Figure-7: Public Debts in Rajasthan Since 1980



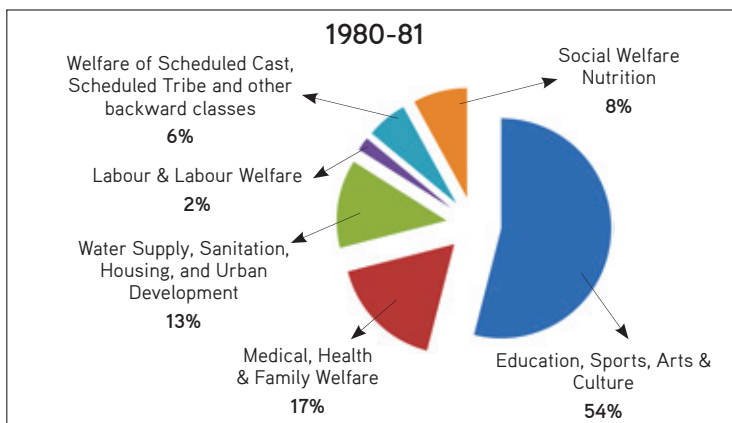
Composition of Social Sector Expenditure

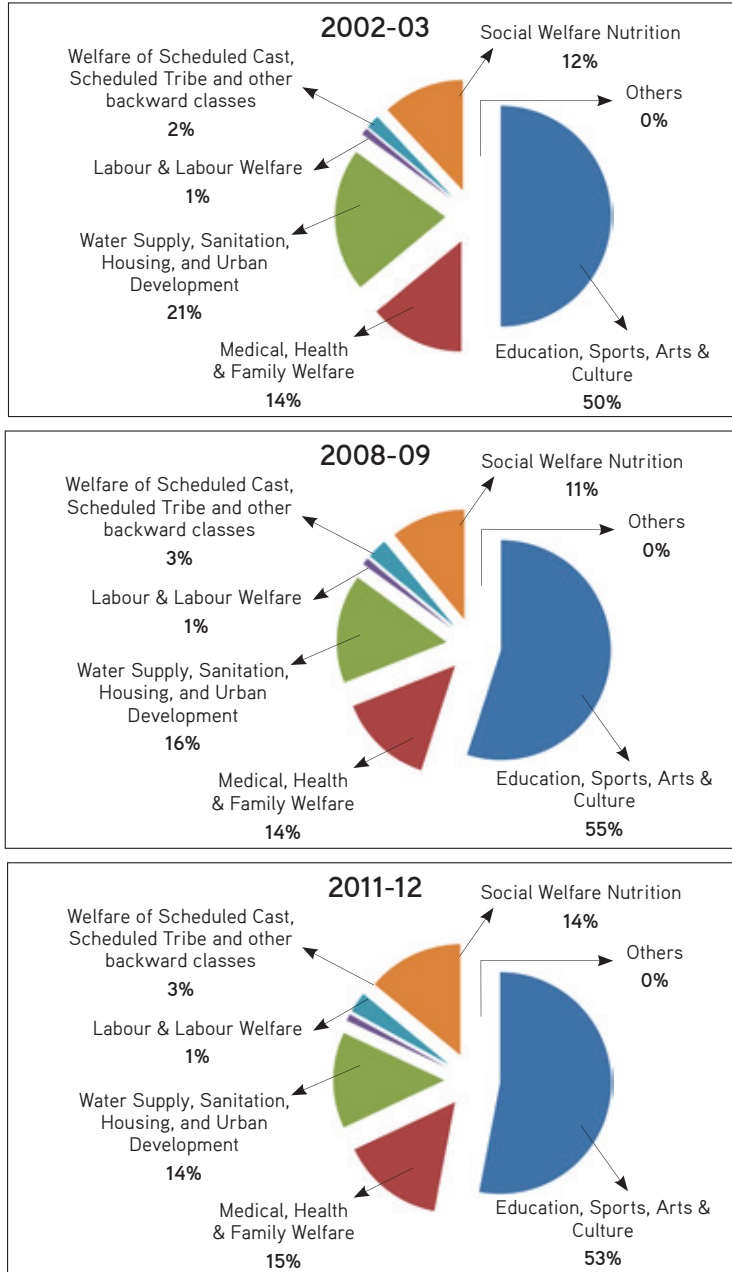
Education

The significant contribution of education and health on economic growth and development calls for a significant role of the government in the provision and delivery of these social services. The nature and scope of the interventions vary, depending on the stage of development and the characteristics of that society. Therefore, it is argued that in the initial stage of development the expenditure in the area of education is universally accepted.

Expenditure on education has been the largest component in Rajasthan since 1980. In 1980 expenditure on general education accounted for 54 percent of the total expenditure on social sector. This journey of thirty five year's expenditure in the area of education has been on an average half of the total expenditure (Figure-8).

Figure-8: Composition of Social Sector Spending in Rajasthan in 1980-81, 2002-03, 2008-09 & 2011-12





An examination of the trends of real expenditure in elementary and secondary education in the State shows that between 1980 and 2012-13 there has been a rise in expenditure on the elementary as well as secondary education (Figure-9, 10).

Figure-9: Composition of Education Expenditure in Rajasthan in 1980-81

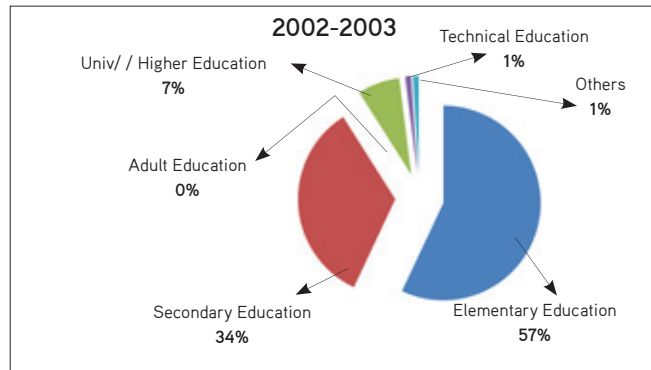
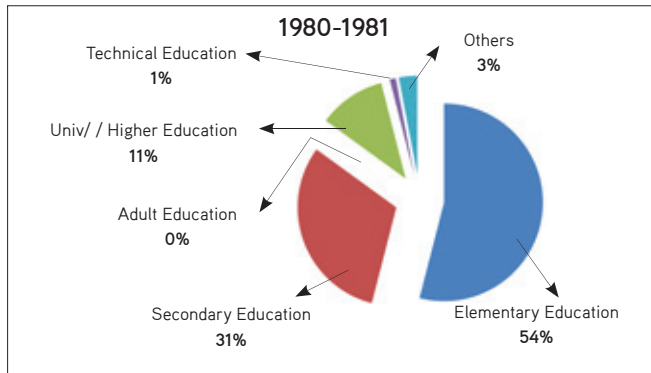
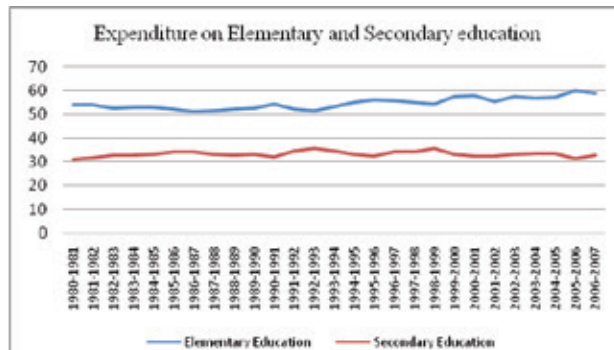


Figure-10: Trends of Expenditure on Elementary and Secondary Education Since 1980



There was acceleration in the growth of expenditure in elementary and stagnation in secondary education after 1998-99. This rise can be attributed to the increase in salaries and wages following the recommendations of the fifth pay commission.

Health and Family Welfare

In contrast with the levels of expenditure on education, the level of public expenditure on health and family welfare is low in Rajasthan. In 1980-81 it was 15 percent of the total expenditure of social sector. Over this period of thirty five years on an average it was about 15 percent.

Expenditure on the Other Human Development Related Areas

Expenditure on water supply, sanitation, housing and Urban Development accounted for about an average of 15 percent over the period of the study. There has been some decline in the expenditure on welfare of scheduled castes, scheduled tribes and backward castes as the percentage of total social expenditure. In 1980-81 the expenditure under this head was 6 percent; by 2002-03, this head declined to about 2 per cent and in 2011-12 it was increased by 3 percent.

Expenditure on social welfare nutrition was 8 percent of total social expenditure. It increase by 12 percent in 2002-03 and 14 percent in 2011-12.

Expenditure on Labour & labour welfare has minor decrease ranging from 0.7 to 1 percent.

Conclusion

In this paper, we examined the trends in Human development expenditure in Rajasthan since 1980s. In this analysis we have included social sector expenditure to evaluate the Rajasthan's health in terms of Human development. It also tried to evaluate, why Rajasthan has not been a good performer in context of Human Development? What was the reason behind his performance? And last but not the least, how can we overcome this situation at this stage?

In light of these questions and its findings, we conclude below;

- It is concluded from the study that social spending is low in Rajasthan but whatever is spent under social sector, its major share goes to the social priority sector.
- The per capita expenditure in the state has followed an increasing trend but in reality this increase is mainly on the non-development expenditure like salaries & pension and interest payment etc. The growth in per capita social sector and social priority sector are nevertheless quite impressive.
- The government expenditure on education in Rajasthan is more satisfactory than that has been spent on health. So government needs to concentrate on health sector.
- The slow growth in expenditure on human development relative to GSDP is closely related to the fiscal deterioration in the state because of rise in debt stock and rising expenditure on account of salaries, wages and pension from 1998-99 onwards.
- The major constraint on public spending on human development is the dependence of the State on Centre for its revenues. Fluctuations in Central transfers are an important determinant of the fiscal situation in the State which in turn affects the capability of the State to invest in human development.

- It's not important to make just higher allocation for the social sectors for the improvement in the Human Development. But to ensure these allocated amounts are spend judiciously through proper policy formulations and government should be very careful in the proper implementation of such policies.

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