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DEVELOPMENT EXPERIENCES IN THE INDIAN ECONOMY : INTER STATE PERSPECTIVES ON EDUCATION AND HEALTH

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After at least fifty years of Independence, a critical assessment of the developments in different sectors of the economy and society of our country is obviously very necessary. Such an assessment has to examine whether each sector has been developing at the required pace and in the desired directions, whether the inter-sectoral linkages are of the desired type and desired magnitudes, whether these developments have been taking place in all the sub-regions of the country, with respect to all the population categories, or whether old biases have continued and whether new biases are developing etc. Such an assessment would help introduce mid-term correctives. Of course, in the life history of a nation fifty years do not constitute a very long period, particularly when we consider the long history of several centuries for our country, during which the bases for the developments of different sectors were firmly laid down, the shaking of which, in the course of reconstruction of the economy and society, would be a formidable and a challenging task. However, during the period of such reconstruction, first fifty years would certainly constitute a very crucial initial period, from the point of view of introduction of new traditions, new ethos and new mind set in the economy and the society.

In the course of reconstruction of any nation, education and health play very crucial role, as they contribute to the development of human capital of the country. With the human capital revolution in the economics literature after 60's, the overall developmental role of these two sectors of education and health has been amply recognized, so much so that in many countries, high priority has come to be attached during this period to frequent moulding of educational system and health care system in order to realize full advantages from these sectors for economic and social development. In India also, the basic education reform of Gandhiji, formulation of national educational policy in 1968 as a fall out from the Report of the Education Commission 1964-66, its reconsideration in 1986, formulation of Programme of action subsequently in order to operationalize the

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policy, declaration of education for all by 2000 A.D. (which like the universalization of primary education is likely to get put off to a later period), several educational reforms introduced at different levels of education during this period, bringing education to the concurrent list of the constitution, culminating in the recent initiative of declaring free and compulsory primary education as a constitutional right with suitable amendments to the constitution, etc., indicate the firm resolve of the country to mould education for realizing the gains in the desired directions. There might be reservations about the specific reform and specific policy initiatives in respect of education. However, on overall considerations, the seriousness of the commitments of the nation, can very well be appreciated.

With regard to health care sector also significant developments have taken place during the past five decades, the most significant ones being signing of Alma Ata Declaration about Health for All by 2000 AD and passage of National Health Policy by the Indian Parliament. Both in respect of development of intellectual interest and policy interest, during the post Independence period, prima facie, educational sector seems to have received a better deal than health sector, though in the latter a number of very significant innovations have been made. This may primarily be due to the fact that in education public sector initiative dominates facilitating systematic articulation of the initiatives, whereas in health private sector initiative is more dominant and hence, the various initiatives do not seem to have been properly coordinated and articulated. While education has entered into the concurrent list of the constitution, health continues to remain in the state list with state-wise initiatives being confined to the state level records. This might also be another reason for such a prima-facie impression about the relative developments of education and health sectors in India during the past fifty years.

With regard to education and health it should be appreciated that assessment of their developments has to be based upon more disaggregative perspectives rather than aggregative or national level perspectives. From the development of most of other sectors, the individual is indirectly affected, whereas in the case of education and health, the 'impact and incidence' are directly on the individual. Hence, a more disaggregative or a micro-level assessment would bring out many relevant issues relating to them. This, of course, does not belittle the importance of national level perspectives. It is in this background that an attempt is made in this paper to raise certain issues relating to the development of education and health largely with inter-state perspectives. The objective is not to examine the numbers relating to their development, but to provide broad insights about their development and raise issues for consideration in the background of these

insights. In the course of such a presentation, certain premises, which also are by and large derived from the microlevel study of the developments of these sectors, would be stated.

1. At the initial stages of development of any region, and in the early period of life of an individual, education and health are generally mutually complementary. Advantages from such complementarity are also greatly felt in the early stages rather than later stages. Despite such symbiotic relationships between the two, except in the 'developed' states of the country, the two sectors have not developed uniformly. For example, the primary health centres (phcs_ have not been started at the same rate as the primary schools in the less developed states. In most of the states, (more than 90 percent) while a primary school is available in the distance of 1 k.m. (even less than 1 k.m.), (as per Educational Surveys of NCERT) PHC is not so available. Thus, there is differential 'massification' in the availability of primary level services of health and educational sectors in most of the states and that too in rural areas.

2. Even though more services should be made available by the state in those states where inadequacies are observed, in actual practice however, education and health have not received the high priority in actual (and not budgeted) resource allocations, policy initiatives and implementational seriousness, even in such states. Education and health have remained as 'residual' sectors. These are, therefore, termed as 'soft' sectors unlike sectors like irrigation and power, agriculture and industry.

3. Economic productivitiy effects from education, as measured from rates of returns are found to be larger in the states which are more developed than in the states which are less developed. Granting differences for the data bases methodological rigour etc. in the rate of return calculation for different states, this seems to be a general pattern. In the Wheat belt states of Haryana and Punjab, and for Maharashtra, the rates of return are generally (exceptions not ruled out) found to be higher than for less developed states like Andhra Pradesh, Orissa, Karnataka etc., for which such computation are available. This is contrary to the general expectations viz., in less developed regions education should be more productive than in more developed regions. This is borne out from the comparisons of the rates of return for different nations, as documented in some studies (see for example, studies of Mark Blang and Psacharpoulns etc).

4. In the same way, some of the studies have shown (exceptions not ruled out)

that rates of return for the education of the less developed population groups like SC's, ST's, women etc., are not as high as the rates of return for education of the more developed population groups in different states.

From 3 & 4 above it would be hazardous to infer that more resources should be allocated to education in the more advanced states, more advanced population groups, etc, in lieu of others. That education has a great economic value is valid despite a variety of such calculations. The valid inference from 3 and 4 above, according to us, is that effectiveness of education as a source of economic value depends upon the availability of complementary inputs, which better exist in better developed regions, better developed population groups, etc. It is success which succeeds!

5. Higher degree of social sectoral homogeneity is observed in the case of better off states. (Homogeneity or heterogeneity may be measured by the coefficient of variation about different indicators of social sector). In other words, supply of educational services and health care facilities etc, is more or less comparable so far as the highly developed states are concerned. In the least developed states also they are highly comparable. However, in the former category of states, the supply levels are high, whereas in the latter category of states, supplies are at lower levels. The same is true in the case of demand for education and health services. Even within advanced and poor states, the supply and demand levels for education and health services are homogeneous in urban areas though at higher levels, and in rural areas though, at lower levels. However, the medium developed states are charactarized by a high degree of heterogeneity so far as the supply of and demand for health and educational services are concerned. **The policy thrusts therefore cannot be uniform particularly for all the states falling in this category of medium developed states.** In the same way policy thrust for developed and least developed states also cannot be uniform. Possibly, the policy thrusts can have group-specific uniformity in so far these two categories are concerned but not so in the case of medium developed category of states.

6. In the same way the medium developed states are fiscally more heterogeneous, whereas more developed states are fiscally more homogenous, so also the less developed states. Thus, the social sectoral homogeneity and fiscal homogeneity seem to co-exist. (Fiscal homogeneity referes to comparable performance of the states with regard

to resource efforts, and resource outlays to different heads etc).

7. Fiscal and social sectoral heterogeneity are increasing over the period of time so far as the medium developed states are concerned. While more developed states are becoming more and more comparable with regard to the development of education and health, the medium developed states are becoming more and more non comparable. For the poor states also the degree of homogeneity is increasing over the period. This also suggests that the **changes in the policy thrusts over the period of time also cannot be uniform for all the states.**

8. The states which are economically better off are likely to be better off with respect to education and health also. Kerala is an eminent exception to this. More than the recent policy initiatives, the historical factors play a more crucial role in the development of the social sector, as is brought out from the experiences of Kerala. Once the historical preconditions are fulfilled, social sector feeds upon itself in its development. Hence, in order to break the historical inertia and deadlock in the poor states, 'big-push' efforts in the field of social sectoral development would be inevitable. During the past fifty years such efforts are not witnessed in these states. These states have remained social sectorally underdeveloped. Obviously, the 'big-push' strategies have to be carefully planned on case by case basis.

9. In the course of the recent period of economic reforms (LPG period) newer aspects of social sectoral development in the states have emerged, which need a special attention.

a. With liberalization, and entry of multi-nationals, foreign capital and technology, etc, the inter-state disparities, inter-district disparities and inter regional (rural urban) disparities are likely to widen. Obviously, multinational companies and foreign capital are likely to flow into the more developed states and regions, with well developed transport and communications infrastructure. In the same way, educational sector in the less advanced states, normally does not gear itself up properly to the new technologies coming with foreign capital and multinational companies. As it is, no educational system can be perfectly fine-tuned at the pace of technological development, all the more so in the institutions in the less advanced states. As a result, the developed states continues to develop educationally and also health care wise much faster than the less developed states.

b. Privatization trends, particularly with regard to educational and health sectors, in the form of withdrawal of subsidies,

affect the less developed states and the poor, much more adversely than others. Obviously, the poor in the poor states are poorer than the poor in the rich states. Hence, uniform withdrawal or even reduction of subsidies from education and health sectors would affect more the poor of the poorer states. In view of the relatively easier transport and communication facilities during the past two decades, or so, the students' inter state mobility has considerably increased. Students from the rich families from other states have been able to corner the educational seats ('payment seats'!) in other states, depriving the really deserving but poor students of the poor states, where some enterprising interests have tried to start educational institutions. Such trends are witnessed particularly in respect of higher education. Such students are only like 'seasonal birds', going back to their respective states, without providing the benefits of their education to their 'alma-meter states'!.

c. **Uniform 'withering away of the state'** in all the states irrespective of their developmental stage, in the background of the philosophy of privatization would be harmful to the interests of the poor. This is highly relevant in the case of education and health sectors in these states.

d. A related issue is the recent examples of cuts in non plan expenditures in the budgets of the states. Such a drive for non plan expenditure cuts would affect the educational and health sectors much more than the other sectors, in view of the predominant non-plan component of these two sectors. Very conscious efforts to protect the outlap **both in real and money terms,** on these sectors in such states, would be necessary.

e. Foreign funding in education in particular, has not specifically focussed on the less developed states and less developed regions of these states. This is evident in the case of the international assistance for DPEP, for the really backward districts have not been chosen at least in the first lot, under DPEP.

10. During the past fifty years, the politics has played an interesting role in the development of the sectors of education and health in different states. Interestingly, the partly uniformity or otherwise at the Centre and the states has acted as a significant factor in the development of these sectors in the states. As a general observation, it may be stated that uni-party rule at the centre and the state caused faster resource flows to the otherwise neglected education and health sectors of the state in question. Different party rule has slowed down the social sectoral development. By and large, coalition government regimes have introduced an element of uncertainty in the resource flows and development of educational and health sectors.

11. Even within each state, the development of health care services for example, has depended more upon the political-leadership pressures rather than the needs of the people. For example, a recent study of CMDR has shown that the current resource allocation pattern even in respect of curative care, is not so much in accordance with the resource costs of diseases, as on the conceptions and plans decided by the higher ups in the capital of the state or the country. As a result, the resource allocation pattern in health care does not seem to be properly adjusted to the real needs of the people.

12. On the whole, the inter-state perspective about the development of education and health, during the past half a century, brings more discomfort rather than solace, even though, noteworthy achievements have been made in these sectors during the period. More micro level probing about the developments in these sectors, and on going monitoring would help introduce the necessary corrections. The goals to be achieved are more in number than the goals already reached. It would be futile to be too ambitious with regard to the time scheduling of reaching these goals in the future. Down to earth pragmatism and conscious initiatives are the calls of the hour rather than 'sloganizing' the tasks to be undertaken.