

Outlook

10.91 Policies and programmes undertaken in recent years with a special focus on various components of the social sectors have yielded positive results in terms of improvement in basic socio-demographic indicators, quality of life, reduction of overall poverty levels, and increased access to basic necessities of life. However, sustained efforts are still needed to reduce the visible disparities amongst States, between rural and urban areas and between males and females. Sustaining budgetary allocations at higher levels on a long-term basis, also entails concerted resource mobilization efforts on the part of the Centre and the States. Achievement of the goals of Education for All and Health for All not only involves a mix of public – private partnership in the provision of services but also a scaling down of the existing levels of subsidy to higher education and non-basic health facilities, and cost recovery in these public services from those in a position to pay. User charges would give a sound financial foundation to the production of health and educational services, and reduce the vulnerability of service delivery to public finances. Harnessing the private sector and NGOs for the actual production of services would improve the cost efficiency of production of these services. At the same time, the delivery of health and education services must be ensured to those who cannot pay such user charges.

10.92 The pace of demographic transition has accelerated. The annual growth rate of population dropped by 0.08 percentage points over 1981-1991 and then by 0.21 percentage points over 1991-2001. A further increase in this trend is likely, reflecting improvements in income, education of women and labour-market participation of women. At the same time, a continuation of the trend towards urbanisation is discernible. The top 35 urban agglomerations today house 11 per cent of India, and this is likely to go up. This suggests that it is very important to build institutional mechanisms in the area of urban infrastructure in order to improve the quality of life in our towns and cities.

10.93 The pace of eradication of illiteracy has accelerated – from an improvement of 8.64

percentage points over 1981-1991 to an improvement of 13.17 percentage points over 1991-2001. This is expected to accelerate further, reflecting improvements in income, slowing population growth rates, improvements in educational infrastructure, and efforts by NGOs and government, aiming at total literacy.

10.94 Looking forward, in a scenario with high economic growth and a rapid demographic transition, the problems of ageing are likely to assume considerable importance. The problems of poverty in old age are likely to crop up, owing to the lack of financial savings and support systems, based on family ties. Hence the development of a formal pension system is of critical importance in dealing with problems of poverty in the coming years.

10.95 Government programs aimed at poverty alleviation have played a significant role in reducing poverty but there is evidence that the Public Distribution System suffers from some infirmities in delivering appropriate food assistance to the poor. In the near future, we may expect a review of food policy. This could help transfer Government resources towards more efficient poverty alleviation mechanisms, such as employment guarantee schemes.

10.96 The substantial improvement in poverty rates suggests that income growth is taking place on a relatively well distributed basis. The reduction in poverty would be further accelerated with the implementation of second generation economic reforms which promote employment growth in both the agricultural and industrial sectors, along with the faster growth observed in the services sectors.

10.97 From 1993-1994 to 1999-2000, the absolute number of the poor dropped by 60 million. This process is expected to continue, reflecting a combination of slowing population growth and improving prosperity. An improvement in the annual GDP growth rate to levels higher than those already achieved would significantly affect the level, quality and growth of wages, and of incomes and employment in the economy.