

Social Sectors

Development and utilisation of human resources and the improvement in the overall quality of life of the people are central to any development planning. There are, however, two-way linkages between human development and overall economic progress. Sustained high economic growth is a necessary condition and a significant driver of human development. On the other hand, if people are healthy, educated and adequately skilled, they can participate fully and contribute more to economic development process. The Tenth Five Year Plan recognized these linkages while laying down monitorable targets for human development for the Plan.

10.2 Over the years, India has made substantial progress in human development. Sustained and high economic growth in the post-reform period reduced the poverty ratio significantly. There was also noteworthy improvement in the literacy rates over time leading to a decline in the absolute number of

illiterates. However, India's overall performance on human development has been mixed in the last decade. Improvements in health indicators like life expectancy and infant mortality rates have been much slower than expected. There is widespread under-nutrition among women and children, and maternal and child health still remain areas of concern.

10.3 UNDP's global Human Development Report (HDR) for 2005 ranks India at 127 out of 177 countries of the world in terms of a composite Human Development Index (HDI) for 2003 (Table 10.1). Between 2000 and 2003, while the absolute values of HDI and Gender Development Index (GDI) consistently improved for India, its ranking remained invariant at 127 consecutively for three years in a row. On the other hand, some of India's neighbours not only improved their HDI and GDI values, but also improved their relative ranks.

Table 10.1 : India's global position on human and gender development

Country	Human development index (HDI)		HDI Rank		Gender development index (GDI)		GDI Rank	
	2000	2003	2000	2003	2000	2003	2000	2003
Norway	0.942	0.963	1	1	0.941	0.960	3	1
Australia	0.939	0.955	5	3	0.956	0.954	1	2
Sri Lanka	0.741	0.751	89	93	0.737	0.747	70	66
China	0.726	0.755	96	85	0.724	0.754	77	64
Indonesia	0.684	0.697	110	110	0.678	0.691	91	87
India	0.577	0.602	124	127	0.560	0.586	105	98
Pakistan	0.499	0.527	138	135	0.468	0.508	120	107
Bangladesh	0.478	0.520	145	139	0.468	0.514	121	105
Nepal	0.490	0.526	142	136	0.470	0.511	119	106
Mozambique	0.322	0.379	170	168	0.307	0.365	144	133
Niger	0.277	0.281	172	177	0.263	0.271	146	140

Source : UNDP Human Development Report (HDR) 2002 & 2005.

10.4 Progress of social development has varied across States. While Kerala stood apart from the rest and achieved high levels of human development comparable to the rich developed countries, the so called 'BIMARU' states (viz. Bihar, Madhya Pradesh, Rajasthan and Uttar Pradesh) fared particularly badly. Social sector subjects mostly fall under the State list. However, guided by the objectives laid down in the National Common Minimum Programme (NCMP), the Central Government has launched certain major initiatives for social sector development (Box 10.1).

10.5 The launching of the National Rural Employment Guarantee Scheme (NREGS) on February 2, 2006 to provide enhanced livelihood security for the poor in rural areas by providing at least 100 days of guaranteed wage employment in every financial year to every household whose adult members volunteer to do unskilled manual work

constituted a major milestone in the social sector in 2005-06 (Box 10.2).

10.6 Central Government also provides assistance to the States for social sector development in the form of central assistance to States Plan, centrally sponsored schemes (CSS), special central assistance and additional central assistance. Expenditure of the Central Government on social services including rural development increased from Rs.18,240 crore in 1995-96 to Rs. 70,910 crore in 2005-06 (BE) (Table 10.2).

10.7 Trends of expenditure on social services by the general government (Centre and States combined) in the recent years reflect the emphasis on the social sector. (Table 10.3).

(a) Expenditure on social sectors as a proportion of total expenditure after decreasing from 22.3 per cent in

Box 10.1 : Major initiatives in the Social Sector undertaken in 2005-06

- **National Rural Employment Guarantee Scheme** launched.
- An ambitious programme for creation of rural infrastructure viz, **Bharat Nirman** has been launched to bring an additional one crore hectares under assured irrigation; to connect all villages with a population of 1000 (500 in hilly/tribal areas) with a road; to construct 60 lakh additional houses for the poor; to provide drinking water to the remaining 74,000 habitations; to reach electricity to the remaining 1,25,000 villages and offer electricity connection to 2.3 crore households; and to provide telephone connectivity to the remaining 66,822 villages.
- **Allocation for National Food for Work programme** increased from Rs.4,020 crore in 2004-05 to Rs.11,000 crore in 2005-06. Programme to be converted into the National Rural Employment Guarantee Scheme.
- **National Rural Health Mission (NRHM)** has been launched on April 12, 2005 with the objective of providing greater access of the rural population especially the rural poor to the public health care facilities. Major components of the programme include training of health volunteers, providing more medicines and strengthening the primary and community health centres. NRHM has an initial outlay of Rs. 6, 731 crore in 2005-06 (BE).
- **Antyodaya Anna Yojana:** Coverage increased to 2.5 crore families in 2005-06 from 2 crore in 2004-05.
- **Mid Day Meal Scheme:** Increase in allocation from Rs . 1,675 crore in 2004-05 to Rs.3,010 crore in 2005-06.
- **Sarva Shiksha Abhiyan:** Allocation increased to Rs.7,156 crore in 2005-06 from Rs. 5080 crore in 2004-05. A non-lapsable fund called "Prarambhik Shiksha Kosh" has been created on November 14, 2005 for funding the programme.
- **Rural Infrastructure Development Fund:** The budget for 2005-06 had announced a corpus of Rs.8,000 crore in 2005-06.
- **Jawahar Lal Nehru National Urban Renewal Mission (JLNURM)** has been launched on December 3, 2005 in selected cities which include an urban infrastructure development scheme for small and medium towns to provide reform linked assistance to the state Governments for infrastructure projects including water supply and sewerage projects for all towns and cities.

Box 10.2 : National Rural Employment Guarantee Act 2005

The National Rural Employment Guarantee Act was notified on September 7, 2005 and the scheme launched on February 2, 2006. The on-going programmes of Sampoorna Grameen Rozgar Yojana (SGRY) and National Food For Work Programme (NFFWP) will be subsumed within the NREGS in the 200 districts identified in the initial stage. All the districts in the country will be covered under the scheme within five years.

The objective of the Act is to enhance the livelihood security of the people in rural areas by generating wage employment through works that develop the infrastructure base of that area. The choice of work suggested addresses the causes of chronic poverty like drought, deforestation, and soil erosion. The objective behind suggesting certain key activities/works is to rejuvenate the natural resources of the area to stimulate the local economy enabling those who work for wage employment in creating an asset to take advantage of it to engage in productive ways of self-employment, and augment their income.

Implementation of the Act calls for the formulation of NREGSs by the State Governments. Section 4 of the Act provides that within six months from the date of commencement of the Act, every State Government shall, by notification, make a scheme for providing not less than 100 days of guaranteed employment in a financial year to every household in the rural areas covered under the scheme and whose adult members volunteer to do unskilled manual work subject to the conditions laid down in the Act.

- 2000-01 to 19.7 per cent in 2003-04, increased to 20.7 per cent in 2004-05 and further to 20.9 per cent in 2005-06 (BE).
- (b) Expenditure on education as a proportion of total expenditure has increased from 9.7 per cent in 2003-04 to 10.1 per cent in 2005-06 (BE).
- (c) Similarly in respect of the health sector, the share in total expenditure increased from 4.4 per cent to 4.9 per cent between 2003-04 and 2005-06 (BE).

Table 10.2 : Central Government expenditure (Plan and Non-Plan) on social services and rural development

(Rs. Crore)

Social service	1995-96	2000-01	2001-02	2002-03	2003-04	2004-05 (RE)	2005-06 (BE)
1. Social service							
a. Education, Sports, Youth Affairs	3,630	7,696	8,642	9,885	10,917	13,358	18,175
b. Health & Family Welfare	2,542	5,291	5,977	6,521	6,856	7,900	9,697
c. Water Supply, Housing etc.	1,756	4,932	5,989	6,815	7,117	8,272	9,364
d. Information & Broadcasting	596	1,317	1,284	1,395	1,270	1,321	1,472
e. Welfare of SC/ST and OBC	800	968	1,093	1,152	1,144	1,270	1,508
f. Labour & Employment	507	894	847	771	827	1,022	1,191
g. Social welfare & Nutrition	1,270	2,409	2,620	2,372	2,173	2,423	3,819
h. North-Eastern areas					4,193	6,378	9,143
i. Other Social Services	530	1,715	2,010	438	727	1,948	818
Total	11,631	25,222	28,462	29,349	35,24	43,892	55,187
2. Rural Development	6,609	4,449	6,241	11,960	11,389	8,598	11,503
3. i) Pradhan Mantri Gramodaya Yojana (PMGY)*		2,350	2,533	2,600	2,400	2,766	—
ii) Pradhan Mantri Gram Sadak Yojana (PMGSY)*		2,500	2,500	2,500	2,325	2,468	4,220
4. Social Service, Rural Dev, PMGY and PMGSY (1+2+3)	18,240	34,521	39,736	45,440	51,497	57,724	70,910

* : Launched in 2000-01 (BE) as a new initiative for basic rural needs. However, PMGY has been discontinued from 2005-06.

Source : Budget documents.

Table 10.3 : Trends of social sector expenditure by General Government (Centre and State Governments combined)						
ITEMS	2000-01 Actual	2001 -02 Actual	2002 -03 Actual	2003-04 Actual	2004 -05 RE	2005 -06 BE
Centre & States						
	(In billions of Rupees)					
Total expenditure	5913	6447	7049	7964	9045	9798
Expenditure on social sector	1318	1378	1452	1569	1869	2052
Education	670	681	725	769	898	992
Health	280	286	315	348	415	477
Others	368	412	412	452	556	582
As a proportion of GDP :						
	(In per cent)					
Total expenditure	28.05	28.26	28.77	32.37	28.97	27.76
Expenditure on social sector	6.25	6.04	5.92	5.68	5.98	5.81
Education	3.17	2.98	2.95	2.78	2.87	2.81
Health	1.32	1.25	1.28	1.26	1.32	1.35
Others	1.74	1.80	1.68	1.63	1.78	1.64
As a proportion of total expenditure:						
Expenditure on social sector	22.3	21.4	20.6	19.7	20.7	20.9
Education	11.3	10.6	10.3	9.7	9.9	10.1
Health	4.7	4.4	4.5	4.4	4.6	4.9
Others	6.2	6.4	5.8	5.7	6.1	5.9
As a proportion of social sector expenditure						
Education	51	49	50	49	48	48
Health	21	21	22	22	22	23
Others	28	30	28	29	30	28
Source : Budget documents of Union and State Governments/RBI.						

- (d) Expenditure on the social sector as a proportion of GDP has also gone up from 5.68 per cent in 2003-04 to 5.81 per cent in 2005-06 (BE).