

AN ANALYSIS OF TREND AND THE CHANGING PATTERN OF THE PUBLIC EXPENDITURE ON EDUCATION AND HEALTH: A COMPARATIVE STUDY OF J&K AND HIMACHAL PRADESH

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Abstract

In the present paper, an attempt has been made to examine the level, growth, trend and comparison of public expenditure in education and health in J&K and HP. Taking the study period from 2001-02 to 2016-17, it has been analyzed that the compound annual growth rate of public expenditure of Himachal Pradesh is less than J&K in education as well as health sector, whereas percentage of public expenditure on education to GSDP of Himachal Pradesh is (less than 5%) greater than J&K that means J&K spends (less than 4%) less percentage share of GSDP on education. Percentage of public spending on health to GSDP in both the states lies between 1-2%. The share of expenditure on education and health need to be raised by both central and the state government. Finally, the paper suggests that both central and state government need to focus on education from the quality point of view along with increase in budget allocation in order to enhance human development in the country.

Keywords: Public Expenditure, Education, Health and Human Development.

INTRODUCTION

Education and Health are important assets of a community. It can be said that both are dependent on each other, as quoted that “Sound mind resides in a sound body”, with good health a person can perform better in education and a well educated person can maintain good health, which in turn depends on money, material and institutions. Education and Health are main indicators for Human Development. The high level segment of the 2002 substantive session of the Economic and Social Council on the theme of “The Contribution of human resource development, including in the area of health and education, to the process of development” served as an occasion to give quick focus to national and international efforts to improve education and health to launch new approaches to accelerate progress towards human development as principle engine for overall development.

Expenditure on education is considered as investment on human capital; it raises the level of skill and therefore productivity of a worker and thus contributes to economic growth and development of the country (Araf, 2016). The level of public spending on health and education has been a widely discussed issue in India in recent times. In particular, public expenditure on education and health as percent of GDP has been the focus of discussions, as they are an indicators of priority accorded to education and health in the planning process of the country.

SOURCES OF FINANCE

There are various sources of financing education and health – Public sector spending, i.e. expenditure by the central government, state government and UTs, and local bodies (Municipalities, Zila Parishads, Panchayats) and private sector, i.e. Corporate investments, non-governmental agencies, individual households spending also contribute significantly.

REVIEW OF LITERATURE

Araf (2016) in the study author examined that the combined expenditure incurred by centre and state on education is nearly three to four percent of GDP since 2001, therefore there is a need to increase the spending on education beyond six percent of GDP because government spends less than one percent in higher education.

Zoran (2015) provides that the more attention is required to improve the education system by investing efforts and resources in the education system. Mainly investing in the youth education and training, research, development and science, would contribute to the development of new technologies and knowledge which will increase the competitiveness in the global market. The study shows that there is positive correlation between the public expenditure on education and the value of GDP in the country.

Khan and Ansari (2018), analysis that the share of the centre is more on education than the state share. More importantly the share of public expenditure on education is less than five percent in India. Therefore suggested that the government should focus on the quality of education along with the budget allocations to enhance human resource development in the country.

Santhanalakshmi and Malathi(2017), The study reveals that more fund allocation is required in health sector of the country which will help to improve the health condition of the people in the country. To increase the productive capacity of the country, the expenditure on health need to be primarily focused. The paper also focused on the share of expenditure on health by the centre and the state.

Bhukta and Patra, examined that the public expenditure in health sector is inequitable and inefficient in India. The health benefits are insignificantly allocated in India. The study concludes that the immediate action must be addressed in the Union and the State budget and the increase in expenditure in health sector must be 2-5% of GDP.

Bhadra K.K., Bhadra J (2012) , examined that there are various factors affecting low public expenditure on health across states in India. The study concludes that the level of public spending on health for the centre and states combined remains less than 1 % of the Gross Domestic Product. The paper also disclosed the status of the states in meeting their committed liabilities, which leaves very little room to spend on health. It also discussed the role, importance and contribution of finance commission towards complete equalization of health expenditure across the states.

METHODOLOGY

The study covers the period of 2001-02 to 2016-17 and primarily base on secondary data collected from various Govt. websites like MHRD (budgetary analysis of Govt. expenditure), RBI reports, Digest of Statistics of Jammu and Kashmir and Himachal Pradesh. The research tools and concepts used in this study include percentage, CAGR, annual growth rate etc.

OBJECTIVES

1. To study the trend of public expenditure on education and health in J&K and Himachal

Pradesh.

- To compare the percentage expenditure on education and health to GSDP in J&K and Himachal Pradesh.

Table 1: Annual Growth Rate of Public Expenditure on Education and Health in Jammu and Kashmir.

Year	Education	Annual Growth rate of Education Expenditure	Health	Annual Growth rate of Health Expenditure	total expenditure of health and education	Annual Growth Rate of health and education expenditure
2001-02	4885	-	2232	-	7117	-
2002-03	8901.9	82.2	4271.7	91.4	13173.6	85.1
2003-04	9143	2.7	5257.8	23.1	14400.8	9.3
2004-05	9792.3	7.1	4679.4	-11.0	14471.7	0.5
2005-06	11090.4	13.3	5319	13.7	16409.4	13.4
2006-07	12045.9	8.6	5660.8	6.4	17706.7	7.9
2007-08	13834.5	14.8	6252.4	10.5	20086.9	13.4
2008-09	15484.2	11.9	6715.9	7.4	22200.1	10.5
2009-10	21558.4	39.2	8731.7	30.0	30290.1	36.4
2010-11	27241	26.4	10072.7	15.4	37313.7	23.2
2011-12	32637.2	19.8	12716.6	26.2	45353.8	21.5
2012-13	33193.8	1.7	13651.1	7.3	46844.9	3.3
2013-14	37620.7	13.3	15513.7	13.6	53134.4	13.4
2014-15	39814.8	5.8	18025	16.2	57839.8	8.9
2015-16	60486.9	51.9	23693.1	31.4	84180	45.5
2016-17	64635.7	6.9	25468.2	7.5	90103.9	7.0

Source: RBI yearly reports, MHRD Government of India- various issues, data processed by author.

The decadal increase in public expenditure on education in J&K from 2001-02 to 2010-11 was 4885 lakhs to 27241 lakhs. In year 2016-17 the expenditure was approximately double i.e. 64635.7 lakh if compared to the expenditure incurred in 2011-12. The table 1 shows the increasing trend of public expenditure on education whereas the annual growth rate has shown a cyclic trend. It can be observed from the table that in one year there is percentage increase in the expenditure and in the next year the percentage expenditure decreases. Similarly the health expenditure in the state shows the increasing trend but in the year 2004-05 the expenditure has decreased from 5257.8 lakh to 4679.4 lakh. The annual growth rate in 2004-05 was -11.0 percent from 23.1 percent in 2003-04. Although from year 2005-06 to 2016-17 the annual growth has shown a cyclic trend but growth percentage was in positive terms.

Table2: Public Expenditure on Education and Health in Himachal Pradesh.

Year	Education	Annual Growth rate in Education Expenditure	Health	Annual Growth rate in Health Expenditure	Total Expenditure on Education and Health	Annual Growth Rate of health and education expenditure
2001-02	8775.3	-	2595.1	-	11370.4	-
2002-03	9373.9	6.8	2776.4	7.0	12150.3	6.9
2003-04	9877.3	5.3	3956.2	42.5	13833.5	13.9
2004-05	10371.2	5.0	3111.4	-21.4	13482.6	-2.5
2005-06	11726.4	13.0	3448.5	10.8	15174.9	12.6
2006-07	13245	12.9	3974.6	15.3	17219.6	13.5
2007-08	14841.5	12.0	4377	10.1	19218.5	11.6
2008-09	17221.8	16.0	4824.6	10.2	22046.4	14.7
2009-10	20718.9	20.3	6096.8	26.4	26815.7	21.6
2010-11	26888.9	29.7	7729.5	26.8	34618.4	29.1
2011-12	29901.5	11.2	7972.9	3.1	37874.4	9.4
2012-13	34394.2	15.0	9516.8	19.4	43911	15.9
2013-14	38166.9	10.9	10012.9	5.2	48179.8	9.7
2014-15	41438.7	8.5	12371.8	23.6	53810.5	11.7
2015-16	41321.6	-0.2	13001.6	16.7	54323.2	1.0
2016-17	59914.6	44.9	17346.9	20.8	77261.5	42.2

Source: RBI Reports, MHRD Government of India- various issues, data processed by author.

The public expenditure has increased in all the sectors in the economy from last many years. The expenditure in education and health sector in Himachal Pradesh has also shown an increasing trend. In year the education expenditure was 8775.3lakh to 10371.2 lakh in 2004-05. The amount of expenditure was approximately doubled in 2009-10. In year 2016-17 the expenditure raised to 59914.6 lakh. The decadal growth in public expenditure on health sector was 7729.5 lakh in 2010-11 from 2595.1 lakh in 2001-02. In 2016-17 the expenditure increased to 17346.9 lakh . The trend for annual growth rate in education and health was cyclic. In 2015-16 the annual growth rate for education expenditure was negative(-0.2). In 2004-05 the annual growth rate was negative for health expenditure (-21.4).

Table 3: Compound Annual Growth Rate (CAGR)

Compound annual growth rate				
Year	Education		Health	
2001-2016	Himachal Pradesh	Jammu and Kashmir	Himachal Pradesh	Jammu and Kashmir
	0.127	0.172	0.126	0.165

Source: author's calculation.

The CAGR is calculated for the public expenditure incurred on education and health in J&K and Himachal Pradesh from 2001 to 2016. The compound annual growth rate of public expenditure on education and health in J&K is more than Himachal Pradesh.

Table 4: Percentage of Public expenditure on Education and Health to GSDP: A comparison between J&K and HP

Year	%age expenditure on education to GSDP of J&K	%age expenditure on education to GSDP of HP	%age expenditure on health to GSDP of J&K	%age expenditure on health to GSDP of HP
2001-02	2.71	5.78	1.24	1.71
2002-03	4.38	5.65	2.10	1.67
2003-04	4.12	5.51	2.37	2.21
2004-05	3.59	4.31	1.71	1.29
2005-06	3.71	4.49	1.78	1.32
2006-07	3.62	4.65	1.70	1.40
2007-08	3.73	4.80	1.69	1.42
2008-09	3.66	5.19	1.59	1.45
2009-10	4.46	5.77	1.80	1.70
2010-11	4.69	6.88	1.73	1.98
2011-12	4.17	4.11	1.63	1.10
2012-13	3.81	4.44	1.57	1.23
2013-14	3.93	4.61	1.62	1.21
2014-15	4.05	4.65	1.83	1.39
2015-16	5.16	4.29	2.02	1.35
2016-17	4.98	5.81	1.96	1.68

Source: RBI state reports and calculations done by the author.

The percentage expenditure on education to GSDP of Himachal Pradesh is comparatively more than J&K. The percentage share of expenditure on education in J&K is between 3 to 4 percent. In 2015-16 the percentage share was increased to 5.16 percent from 4.05 percent in the previous year but in 2016-17 the percentage expenditure decreased to 4.98 percent. Whereas, if the percentage share of expenditure on education of Himachal Pradesh is compared to J&K, it can be concluded from the Table 4 that Himachal Pradesh spends more GSDP share on education than J&K. The percentage of public expenditure on education to GSDP is 4 to 5 percent which is comparatively higher than J&K. But if the percentage share of public expenditure on health to GSDP is compared between J&K and Himachal Pradesh from the above table this can be observed that percentage of public expenditure on health lies between 1 to 2 percent.

CONCLUSION

The share on expenditure on education and health is significantly low. The expenditure on health has been less than 2 percent of GSDP in both the states whereas the expenditure on education is less than 5 percent which is better than health expenditure. Education and health being important indicators of human development, the combined public expenditure incurred by both central and state government on education and health must increase to 6 percent and 5 percent respectively. There are some advanced nations like U.S.A, United Kingdom, New Zealand spending an appropriate percent of GDP on Education as their priority sectors. Moreover the human development, in general, depends not only on the quantum but also on the composition of expenditure on education and health. It is crucially important to mobilize the resources and improve the efficiency of spending on education and health sector.



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