

CHAPTER - VI

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CONCLUSIONS AND RECOMMENDATIONS

This chapter deals with the conclusions that we draw from our analysis and growth and composition of social sector expenditure and government of India and the recommendations made.

CONCLUSIONS

Following are the important conclusions.

1. The revenue receipts of Government of India have increased at a compound growth rate (CGR) of 13.30 percent over a period of 10 years starting from 1991-92 to 2000-01.
2. The capital receipts of government have increased at a compound growth rate of 16.10 percent over a period of 10 years starting from 1991-92 to 2000-01.
3. The total receipts of government have increased at a compound growth rate of 14.41 percent over the period under study.
4. The high CGR of capital receipts shows the increasing reliance of government on capital receipts for financing its expenditure.
5. The total receipts of government have increased at a compound growth rate of 14.41 percent over the period under study.
6. The increasing dependence of government on capital receipts for financing its expenditure is also shown by the fact that revenue

receipts as percentage of GDP at market prices have fallen from 10.1 percent in 1991-92 to 9.2 percent in 2000-01. Whereas capital receipts as percentage of GDP at market prices have increased from 5.9 percent in 1991-92 to 6.4 percent in 2000-01.

7. On the expenditure side, the picture is reverse. Whereas revenue expenditure is rising rapidly. Capital expenditure has increased slowly.
8. Revenue expenditure has increased at a compound growth rate of 14.71 per cent over a period of 10 years.
9. Capital expenditure has increased at a compound growth rate of 7.53 percent over the period under study.
10. The relative rise in revenue expenditure of the government is shown by the fact that revenue expenditure as percentage of GDP at market prices have increased from 12.6 percent in 1991-92 to 13.3 percent in 2000-01. While capital expenditure as percentage of GDP has fallen from 4.5 percent in 1991-92 to 2.3 percent in 2000-01.
11. The rising revenue expenditure of the government shows its inability to curb expenditure on interest payments, subsidies and defence.

12. Obsession towards reducing fiscal deficit has led the government to cut its capital expenditure, thereby creating adverse implications for the growth of the economy.

13. Social sector expenditure that is expenditure on

- a) Education, Sports, Arts, Culture
- b) Welfare of SC, ST and OBC
- c) Medical, Public Health and Family Welfare
- d) Social Security and Labour Welfare
- e) Other Social Sector Expenditure

is also a capital expenditure. With the declining capital expenditure social sector expenditure has also been declining, which will have adverse developmental implications.

14. Social sector expenditure and expenditure on rural development by both Centre and States together (combined) as percentage of GDP decreased from 7.74 per cent in 1987-88 to 6.78 per cent in 1990-91 and after 1991 remained at the level of 6.97 percent in 2000-01. However, the social sector expenditure increased in absolute terms.

15. In India, it is found that the share of the states in the combined public expenditure of Centre and States together on social sector is higher as compared to the Centre.

16. At a disaggregated level of social sector expenditure the picture is not entirely same. While the expenditure on education, sports, arts, culture and on medical, public health, family planning has increased slightly in 1999-2000 over 1991-92. Expenditure on other heads like Welfare of SC, ST, OBC and on social security and labour welfare is decreasing.

In sum it can be said that the falling capital expenditure of the government will have far reducing adverse impact as far as economic development is concerned.

As said above, falling capital expenditure will have adverse impact on the growth of the economy. The social sector expenditure, which is falling will also have adverse implications for the development of the economy.

In recent times, the term human capital formation has got *permanent* importance. In fact, in the process of development the importance of human capital is greater than the physical capital formation. Further reduction of poverty also assumes great importance to the development process.

In this context, the role of social sector expenditure comes forth. Therefore, the government should give special stress on social sector expenditure and increase it in the coming years. Following are some of the suggestions which government should follow for the overall development of the economy.

RECOMMENDATIONS

1. Government should take effective steps to increase its revenue both tax and non-tax. This can be done by increasing tax base, bringing services under tax net, agriculture income tax, simplification of tax payment procedures and charging for public utilities, etc.
2. Government should not reduce its capital expenditure for reducing capital expenditure will have adverse impact on the long term development of the country.
3. Government should not reduce the social sector expenditure as such on step will hinder human capital formation and increase income inequalities and poverty.
4. Government should increase its expenditure on social sector even by resorting to deficit financing.
5. The role of Non Government Organisations (NGO) and Self Help Groups (SHGs) will be important in providing some of the services under social sector.
6. Social sector expenditures is a productive investment of the government and therefore should be given top priority in development agenda.
7. Government may use the process of disinvestment of PSUs for financing social sector expenditure.

8. In the reform period public expenditure on welfare of SC, ST and OBC has declined, which should not have happened. Government should spend its resources on selective programme for the upliftment of these people out of poverty.
9. Government of India should allocate funds, devise programmes and policies for the direct benefit of the weaker sections of the society.
10. Government of India should take concrete steps to eradicate poverty. As the poverty is mostly a rural phenomenon an effective step towards alleviation of poverty would be arrangement of manual work for the weaker sections in rural areas.
11. For the welfare of SC, ST and OBC students government should make special arrangements for the education of these students in the country and also abroad.
12. As the technical education is not fully accessible to the students from weaker sections of the society, government should take at least partial responsibility of providing technical education for the weaker sections i. e. SC, ST and OBC students.
13. The year 1991 was the beginning of a fairly explicit phase of economic reforms in India but it is not expected to find expenditure on welfare of the SC, ST and OBCs has

declined for that government provided fully utilise the allocated funds especially in selected programmes.

14. Government of India allocate funds, programmes and policies direct provided by the weaker section.
15. The Government of India should take action to decline poverty lien through manual work for the rural area and weaker section.
16. The Government should give free and compulsory technical education.
17. Further the government should take responsibility of the student to complete his course/research on foreign country.
18. Liberalisation, privatisation and globalisation in the economy has stimulated extremely high levels of competition various change in the education. Government of India has to take effectively allocation of weaker section.

In sum, it appears the social sector assumes the paramount importance in the process of development. And the responsibility of social sector development rests with the government. Therefore, government will have an important role to play in the new era of globalization, privatisation and liberalisation.

Recent literature published by the United Nations Development Programme (UNDP) since 1990 in the terms of Human Development

Report has emphasises "Human development is the end – economic growth is the means." So the purpose of growth should be to enrich peoples lives. And in this context development of social sector assumes paramount importance.