

## **EXPENDITURE FOR HUMAN DEVELOPMENT (A CASE STUDY OF HARYANA)**

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**ABSTRACT**-Human development is the end goal of every economic development. Economic growth is considered just a means for human development. The ultimate objective of every human life is to get happiness which comes through long, healthy and creative life. Economist recognised the fact and emphasised that Government expenditure should be directed towards social services with focus on priority expenditure for human development. The current paper analyse the Haryana State Expenditure for human development. Data has been collected from budgetary documents. Ratios of state expenditure to social service expenditure and priority expenditure for human development have been calculated. Human development index has been taken from National Human Development Report.

### **INTRODUCTION**

Human development has recently been advanced as the ultimate objective of human activities in place of economic growth. Economic growth is considered as a means for human development. Human development is enlarging people's choices in a way which enable them to lead longer ,healthier and fuller lives. Human development is concerned with development idea aimed at advancing the richness of human life, rather than the richness of the economy in which human beings live, which is only a part of it. The purpose of human development is creating conditions in which its people can live a long life and a healthy and productive benefit. People are the real wealth of a nation. In principle, these choices can be infinite and change over time. But at all levels of development, three essential things are: people lead a long and healthy life, they acquire knowledge and have access to resources needed for a better standard of living. If these essential conditions are not available, all opportunities of moving forward are bound to remain in accessible. Human development has two sides: the formation of human capabilities—such as improved health, knowledge and skills—and the use people make of their acquired capabilities. Development must, therefore, be more than just an expansion of income and wealth.

The basic objective of development is to create an enabling environment for people to enjoy long, healthy and creative lives. Its focus must be people. This may appear to be a simple truth. But it is often forgotten in the immediate concern with the accumulation of commodities and financial wealth.

The Human Development Index first came about three decades ago, in 1990 as development economics took on a new focus moving the spotlight from national incometo

people-centred policies designed to increase standards of living in countries all over the world. The first step in the process was to develop a method for determining the level of a country's human development as compared to other countries. So, an economist from Pakistan by the name of Mahbub-ul-Haq developed a methodology and mathematical formula for determining the

human development index of a given country. This formula made the index one-fifth life expectancy, one-fifth education, one-fifth adult literacy, one-fifth gross enrollment, and one-fifth GDP. Then, Mahbub-ul-Haq and a group of other well-known development economists set out on the trek to determine an index for each country of the world and then categorize and rank each country. This formula and methodology was used up until 2009 when it was modified in 2010 to include only three main indices (life expectancy, education, and income) with the HDI being the geometric mean of all three.

Public expenditure, being an instrument for economic growth, plays an important role in human development. All social welfare objectives are human development oriented. Expenditure in state Government budgets on Social services is one of the parameter showing how much of the budget is being spent for human development. In this section Expenditure of Haryana State Government on social services has been analysed to examine the extent of political commitment of the government to the social sector.

### **Public Expenditure Ratio (PER)**

The development including human development is the function of total Public expenditure by the State Government. Public expenditure ratio measures the proportion of state income that goes into public expenditure.

$$PER = \frac{\text{Total Expenditure}}{GSDP} \times 100$$

### **Social Allocation Ratio (SAR)**

The SAR tells to what extent public expenditure has been channelized for the development of social sector. The total expenditure incurred is categorised as for economic services, social services and general services. While analysing expenditure for human development, relevant expense is for social services. Social services expenditure is the sum total of spending in revenue and capital account and includes expenditure on education, health, family welfare, water supply, sanitation, housing and urban development, information and publicity, welfare of SC, ST and other BC, labour and employment, and social welfare and nutrition etc.

$$SAR = \frac{\text{Social Sector Expenditure}}{\text{Total Expenditure}} \times 100$$

Social Sector Expenditure includes expenditure on social services, rural development and food storage & warehousing under revenue expenditure, capital outlay and loans and advances including house building loans to government servants.

### Social Priority Ratio (SPR)

To be more specific for expenditure on human development, spending on social priority heads is examined. The SPR is the percent of social expenditure devoted to human/social priority concerns. It includes expenditure on elementary education, public health, maternal and child health, rural water supply and sanitation, nutrition and rural development. It is calculated as

$$SPR = \frac{\text{Social Priority Expenditure}}{\text{Social Sector Expenditure}} \times 100$$

### EXPENDITURE FOR HUMAN DEVELOPMENT IN HARYANA

Year	Public Expenditure Ratio (PER)	Social Allocation Ratio (SAR)	Social Priority Ratio (SPR) SPE/SSE	Per capita Social Sector Expenditure Rupees	SSE Ratio to GSDP
1990-91	17.03	33.42	56.96	471.46	5.69
1991-92	16.20	29.50	53.89	461.99	4.78
1992-93	16.45	33.49	54.78	551.51	5.51
1993-94	18.04	27.37	44.63	615.53	4.94
1994-95	25.97	19.13	50.54	716.34	4.97
1995-96	20.24	28.17	38.12	910.41	5.70
1996-97	21.35	21.40	55.04	851.08	4.57
1997-98	19.53	23.85	46.34	917.55	4.66
1998-99	18.95	29.91	44.10	1229.40	5.67
1999-00	15.82	31.63	56.92	1239.03	5.01
2000-01	15.31	38.02	35.40	1601.71	5.82
2001-02	15.93	35.26	39.13	1697.56	5.62
2002-03	14.12	27.46	55.24	1274.28	3.88
2003-04	15.60	21.79	60.22	1253.19	3.40
2004-05	13.34	27.95	51.63	1525.71	3.73
2005-06	13.52	32.87	45.86	2030.51	4.44
2006-07	14.59	29.54	47.96	2356.69	4.31
2007-08	13.87	34.57	47.24	3032.78	4.80
2008-09	14.33	37.98	48.05	3988.35	5.44
2009-10	14.00	42.67	43.12	5386.64	5.97
2010-11	12.69	37.08	57.79	4864.74	4.70
2011-12	12.73	37.26	62.03	5575.91	4.74
2012-13	12.99	36.75	67.36	6367.92	4.78
2013-14	12.01	37.80	78.56	6853.60	4.54
2014-15(RE)	14.12	39.74	71.96	8139.56	5.61
2015-16(BE)	14.11	40.64	80.06	9063.08	5.73

On analyzing public expenditure of Haryana state, it is evident that PER has been less than the UNDP norms of 25 percent throughout the study period except in 1994-95. Moreover it has registered a declining trend in 2010-13. The ratio is far below the required, indicating the need of allocation of more funds for social sector. SAR has been much below than 40 percent norm suggested by UNDP. Though from the beginning of the current decade, ratio has improved, need is to divert more funds for human development. The ratio has registered increasing trend in the recent years. SPR ratio has been below 60 during the whole study period except current decade years. In the recent years it has registered an increasing trend. It is because of the policy emphasis on public health, maternal and child health, rural water supply and sanitation and elementary education. Lower ratio indicates the need to allocate more expenditure in favour of human priority concern. Here the role of finance managers becomes important. Growth and equity are equally important and are complementary to each other. More resources should be allocated to social sector, but not at the cost of economic sector by diverting resources from this sector. It will negatively affect the potential economic growth of the state. Restructuring of expenditure should be aimed at curtailing the non-developmental expenditure.

### **HUMAN DEVELOPMENT INDEX**

Human Development Index (HDI) is a statistical tool used to measure a country's overall achievement in its social and economic dimensions. The social and economic dimensions of a country are based on the health of people, their level of education attainment and their standard of living. The HDI is an average measure of basic human development achievements in a country, measured by UNDP. In 2015, India has been placed at 130th position with 0.609 score in the medium human development category. Country's rank was 135 with 0.586 score in the 2014 report. It has climbed five notches to the 130th rank on account of rise in life expectancy and per capita income.

In our country the first ever National Human Development Report (NHDR), 2001 brought out by the Planning Commission estimated the value of Human Development Index (HDI) for the States and the Union territories for 1981, 1991 and 2001. Table presents the findings for some of the major States. Although the estimation of HDI for 2001 does not cover all the States, NHDR has estimated that the HDI for the country as a whole has improved from 0.302 in 1981 to 0.472 in 2001.

**HUMAN DEVELOPMENT INDEX**

State	HDI 1999-2000	HDI 2007-8	Rank 1999-2000	Rank 2007-8
Kerala	0.677	0.790	2	1
Delhi	0.783	0.750	1	2
Himachal Pradesh	0.581	0.652	4	3
Goa	0.595	0.617	3	4
Punjab	0.543	0.605	5	5
NE (excluding Assam)	0.473	0.573	9	6
Maharashtra	0.501	0.572	6	7
Tamil Nadu	0.480	0.570	8	8
Haryana	0.501	0.552	7	9
Jammu and Kashmir	0.465	0.529	11	10
Gujarat	0.466	0.527	10	11
Karnataka	0.432	0.519	12	12
West Bengal	0.422	0.492	13	13
Uttaranchal	0.339	0.490	16	14
Andhra Pradesh	0.368	0.473	15	15
Assam	0.336	0.444	17	16
Rajasthan	0.387	0.434	14	17
Uttar Pradesh	0.316	0.380	18	18
Jharkhand	0.268	0.376	23	19
Madhya Pradesh	0.285	0.375	20	20
Bihar	0.292	0.367	19	21
Orissa	0.275	0.362	22	22
Chhattisgarh	0.278	0.358	21	23

*\*IHDR-2011*

The HDI for Haryana has improved from 0.360 in 1981 to 0.509 in 2001. As per HDI, Haryana was ranked at 15 in 1981 and it has improved its rank to 5 in 2001. But in 2007 Haryana has slip down to 7<sup>th</sup> rank. In spite of one of the prospering state, 7<sup>th</sup> rank is a cause of concern. Kerala—though a middle income State—remains at the top with HDI equal to 0.638, which stood at 0.5 in 1981. West Bengal, which had an index of 0.305 in 1981 improved it to 0.404 in 1991 and 0.472 in 2001. The HDI for Bihar registered the lowest value of 0.367 in 2001 despite an improvement over the earlier years.

Human Development Index is the measure of expenditure spent on the sources essentials for the development of human being. Low index shows the need of prioritising our expenditure plan oriented towards basic needs of human being. India is aspiring to be one of the leading economies in the world and for that we have to emphasise on basic facilities for human development.

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