

State Finance & Human Development: A Study of Indian States with special reference to Himachal Pradesh

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INTRODUCTION

To assess a state's/country's development with the help of income approach is traditional one. Now the focus is shifted towards human development and human poverty approaches. The concept of human development analyses the development not only in mere income increase aspects but also the equal distribution of that increased income. Moreover, the expansion of output and wealth is only a means and the end of development must be human well being. The progress in human development has two perspectives. One is attainment and another one is shortfall from the development targets. The various indicators of these attainments and composite indices that they support could capture the process of development and well being of people from two perspectives. The 'conglomerate' perspective captures advances made by the society as a whole – and the 'deprivational perspective' assesses status of the deprived society. Lack of progress in reducing the disadvantages of the deprived cannot be 'washed away' by large advances – no matter how large – made by the better-off people. **(Sarvalingam and Sivakumar (2004)).**

Despite plethora of studies on human development at the state level, there are only a few studies that assess the levels of human development within comparative framework.. The studies by Shiva kumar(1991), Tilk (1991), Pal and Pant(1993), Srinivasan and Sharif(1996) and Kundu, Sharif and Ghosh(2000) are a few that have computed the human development index for 15 major states and North Eastern Region . The ranking of Himachal Pradesh in all the studies goes up and down from 4 to 9 (**Kundu, Shariff & Ghosh**).The study by **Sarvalingam and Sivakumar (2004)** also placed Himachal Pradesh at 8th rank by constructing a **human deprivation index** based on the poverty line(1999-2000), illiteracy(2001) and infant mortality rate(2001).

Recently a study by **Sacchidananda Mukherjee & Debashis Chakraborty**, ranked Himachal Pradesh **2nd (highest rank so far) in 2004-05** on Human Development in both urban and rural area. Kerela was observed at 1st rank. The study ranked all the 28 states by following the principle of the National Human Development Report(NHDR) 2001 methodology, for calculation of the

Human Development Index (HDI) on the basis of three variables namely - **average monthly per capita consumption expenditure(inflation and inequality adjusted)**, composite indices of **educational attainment and health attainment** respectively. This is the only study which compares the level of human development during pre & post reform periods ranging over last two decades: 1983, 1993, 1999-00 and 2004-05. The study observed Human Development level **consistently high for States like Kerala, Goa, Mizoram & Himachal Pradesh** . On the other hand, Chhattisgarh, Uttar Pradesh, Uttarakhand, Bihar, Orissa etc. have always been among the bottom liners. Some interesting movement across the States is noticed over the period of analysis. For instance, Punjab and Haryana started with an appreciable HD scenario in 1983, but their performance in the urban areas decline considerably during the last observed period. A similar worsening effect is noticed for Arunachal Pradesh at the bottom of the scale as well. On the other hand, Jammu & Kashmir and West Bengal has managed to improve their HD level to some extent over the period. Interestingly Jharkhand has shown marked improvement in terms of HD achievements after separation from Bihar.

More recent in line is the UNDP's inequality adjusted human development index 2011 for India's States. The index captures the distributional dimensions of human development. Three dimensions of HDI i.e. income, education and health are adjusted for inequalities in attainments across people. The main feature of the index is that it also compares the position of Indian states on with the global human development. The Index ranked India 119 out of 169 countries without inequality adjustment but loses 32 percent of its value when adjusted for inequalities. India has a HDI value (using international goalposts) of 0.504. The HDI value was found highest for Kerala (0.625) followed by Punjab (0.569) and Himachal Pradesh(0.558) and the lowest for Orissa (0.442), Bihar (0.447) and Chhattisgarh (0.449). The HDI scores across states show a greater degree of variation in the sub-indices for education and health. The income index shows the least degree of variation.

The inequality adjusted income index of UNDP 2011 ranks Punjab 1st with index value of 0.455 followed by Kerala(0.449), Haryana(0.445) and Himachal at 4th rank (0.433). All India index value was found at 0.389. Similarly the sub index for education ranks Kerala 1st with index value of 0.410 followed by Himachal Pradesh(0.287), Maharashtra(0.279), Tamil Nadu(0.278) and Punjab ranks 5th (0.265). All India index value was found 0.229. The sub index for health ranks Kerala 1st with index value of 0.764 followed by Punjab(0.572), Maharashtra(0.562), Tamil Nadu(0.550) and Himachal Pradesh ranks 5th with

0.527 index value. The above analysis of UNDP shows that Himachal Pradesh ranks 3rd after Kerela and Punjab in overall inequality adjusted Human Development Index. The ranking of Himachal Pradesh in terms of three sub indices of Human development suggests that the State needs to improve its health facilities/ health infrastructure further as the state's health index value shows the greater variation i.e. by 0.237 points as compared to Kerela - the first rank state. The value of education index is short by 0.123 points as compared to kerela again the first rank state. In income index the variation was least i.e. 0.022 points as compared to Punjab- the 1st rank state.

INTERNATIONAL COMPARISON OF INDIAN STATES

With reference to HDI values , the UNDP (2010) classifies countries into four groups:

1. ***Countries with Very High HDI range between 0.788-0.938,***
2. ***Countries with High HDI range 0.677-0.784,***
3. ***Countries with Medium HDI 0.488-0.669 and***
4. ***Countries with Low HDI 0.140-0.470.***

None of the Indian states has an HDI value within the limits of the first two groups consisting of 85 countries. **Whereas only 9 No. of Indian states namely Kerela with HDI value 0.625 followed by Punjab(0.569), Himachal Pradesh(0.558), Maharashtra (0.549), Haryana (0.545), Tamil Nadu (0.544), Gujarat(0.514), West Bengal (0.509), Karnataka (0.508) find a place among those 42 countries out of 169 which have Medium HDI value between 0.488-0.669. Himachal Pradesh is the only special category states which is finding it's place after Kerela and Punjab in the group of countries with medium HDI value. (Suryanarayana, Agrawal and Prabhu,2011)**

The present study is an another attempt to measure human development by constructing a Human Deprivation Index for Himachal Pradesh at four points of time i.e. 1981, 1991, 2001 & 2011 to compare Human Development during pre and post reform period and to find trends of Human Development for future policy implications. Moreover, it is not only important to know the level of human development/ deprivation in a state, but it is also equally important to know that how much allocation a state should make towards attaining human well being.

So the study has following specific objectives:

- To study the allocation of public expenditure by the state Government for achieving a better level of human development.
- To measure human deprivation w.r.t. poverty, education & health in the state and compare the changes noticed over a period of time.
- To forecast the level of Human deprivation through finding trends.

METHODOLOGY

The study applies the UNDP methodology w.r.t. first objective and construct a **human deprivation index** based on the poverty line, illiteracy, and infant mortality rate w.r.t. second objective by giving equal weights as done by **Sarvalingam and Sivakumar (2004)**. As far as the **third objective is concerned, the study looks in to trends for future forecast.**

In the UNDP report (1991), it was mentioned that Human Expenditure Ratio (HER)- (the percentage of state income devoted to human priority concerns like elementary education, public health, maternal and child health and nutrition, and rural water supply and sanitation) of 5% is essential if a country wishes to do well in human development. This can be achieved in an efficient manner by keeping the Public Expenditure Ratio (PER)- proportion of state income that goes into public expenditure) moderate (around 25%), allocating much of it to the social sectors (more than 40%) and focusing on the social priority areas (giving them more than 50%). According to the Report, high social spenders devote over 40% of public expenditure to the social sector and the low spenders, 20% or less. A high social allocation ratio does not guarantee good human development performance, but it does make an important contribution. Some developing countries have high social expenditure ratios and social priority ratios- and have also attained high level of human development. Almost all start from large public expenditure ratios- one third or more of GNP.

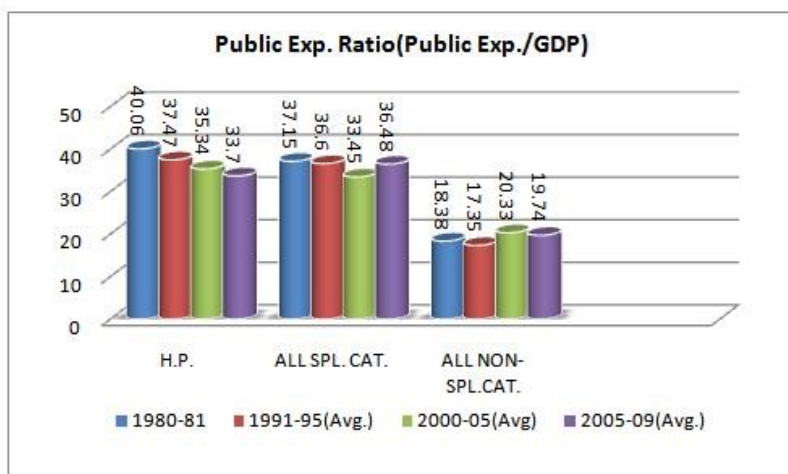
Keeping in view the above mentioned expenditure ratios, the present study finds the following four expenditure ratios :-

1. Public Expenditure Ratio(PER) :- The PER is the proportion of the national income (in our study it is GSDP) that goes in to Public Expenditure. So $PER = \text{Total Expenditure} / \text{GSDP}$.
2. Social Allocation Ratio (SAR):- the SAR conveys to what extent the public expenditure is channelised for the development of social sector. So, $SAR = \text{social service expenditure} / \text{Total Expenditure}$.
3. Social Priority Ratio (SPR) :- The social priority ratio is a sub set of SAR. It reflects the funds allocated towards the cause of the most important social services like primary education , health, sanitary and water supply. $SPR = \text{Fund allocated to the said services} / \text{Total Expenditure on social services}$
4. Human Expenditure Ratio (HER) :- H.E.R. is the percentage of national income/GDP devoted to the human priority concern . By definition, H.E.R is the product of first three ratios. For example, a level of 3% HER value would be achieved when PER stands at 30% level, SAR at 40% level and SPR at 25% level.

Table:1 Public Expenditure Ratio (Public Exp. as %age of Gross States Domestic Product.)

States (special category)	1980-81	1991-95(Avg.)	2000-05 (Avg.)	2005-09(Avg.)
Arunachal Pradesh	68.89	69.33	73.46	87.24
Assam	23.19	22.01	23.08	25.89
H.P.	40.06	37.47	35.34	33.70
J&K	45.30	48.11	43.90	50.41
Manipur	55.70	53.65	55.61	52.44
Meghalaya	40.58	35.74	32.93	39.02
Mizoram	77.90	76.85	72.15	75.94
Nagaland	67.27	57.24	45.71	42.15
Sikkim	74.49	77.17	75.10	78.74
Tripura	44.93	40.86	37.41	36.83
Uttaranchal			23.51	30.52
All special category States	37.15	36.60	33.45	36.48
14 non-special category states	18.38	17.35	20.33	19.74

Source:- A Study on Debt Problem of the Special Category States (Revised)-Study Conducted for the 13th Finance Commission, Government of India Rajiv Gandhi University Itanagar, Arunachal Pradesh

Graph-1

It is clear from the Graph-1 that average PER in case of non special category States ranged between 18 to 20 percent during the whole period under study which was much less than the UNDP norms of 25 percent. Whereas the average Public Expenditure Ratio (PER) in case of special category states was found ranging between 33 percent to 37 percent sufficiently higher than the ratio recommended by the UNDP . In Himachal Pradesh PER ranged between 33 percent to 40 percent. The PER in Himachal Pradesh although shows a declining trend yet the ratio was found above the average PER of all special category states for the year 198081,1991-95(Avg.) and 2000-05(Avg.) But the average PER for the period 2005-09 has declined to 33.7 percent as compared to 36.48% in case of all special category states average.

This higher Public expenditure- GSDP ratio in case of special category states may be because of relatively high level of plan and non-plan grants extended by the Central Government. But the low Public Expenditure-GSDP in case of non special category states is an indicator of the inadequate provision of Public goods and services commensurate with the growing needs.

ALLOCATION MADE TO SOCIAL SECTOR

The Social Allocation Ratio (SAR) in most of the states except Himachal Pradesh and Rajasthan has declined in 2000-01. The SAR has been found as per UNDP suggested norms only in Rajasthan (43.45%) followed by Kerala (43%), Bihar(42.25%). In AndhraPradesh, Tamil Nadu and Himachal Pradesh SAR has been found at 39% level. The lowest SAR has been found in Goa (22.95%) in 2000-01 followed by Punjab (26.7%), Haryana (28.43%) and U.P. (29.88%). It is in these states, the SAR has been found lowest during the whole period i.e. 1990-91, 1995-96, 1998-99 and 2000-01. If average SAR during the period 2004-05 to 2009-10 is seen, then we find SAR equal to UNDP norms only in Bihar and Rajasthan. The lowest SAR has again been found in Punjab (20.72%). In most of the states except Goa, Haryana, Maharashtra, Orissa and U.P. the average SAR has declined during 2004-05 to 2009-10. as compared to 2000-01. During 2004-05 to 2009-10, average SAR has ranged between 32 to 36%. There seems to be a pressure on social sector expenditure.(See table-2a,2b& Graph-2).

Table:--2(a) Expenditure on social services & rural Development as percent to Aggregate Expenditure.

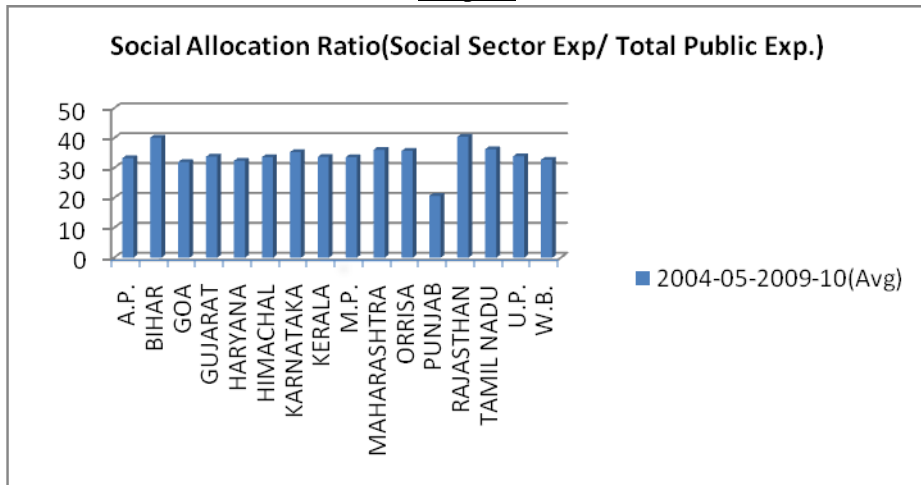
YEARS	1990-91	1995-96	1998-99	2000-01	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2004-05-2009-10(Avg)
A.P.	41.29	38.13	42.55	39.47	29.3	30.8	32.9	32.7	38.9	35.4	33.33
BIHAR	39.34	42.08	45.76	42.25	30.5	38.4	41.0	43.8	43.9	43.4	40.17
GOA	40.99	27.86	28.69	22.95	31.4	30.9	31.8	31.6	32.2	33.9	31.97
GUJARAT	36.71	34.18	34.89	34.62	29.0	32.1	33.4	34.9	35.0	38.6	33.83
HARYANA	31.86	29.11	27.75	28.43	24.2	32.0	28.5	33.3	37.2	39.6	32.47
HIMACHAL	39.06	37.27	38.08	39.2	29.0	32.7	33.0	35.2	36.6	35.5	33.67
KARNATAKA	37.5	36.04	38.05	37.76	28.5	33.4	32.7	36.7	37.8	42.7	35.30
KERALA	44.7	38.1	42.88	43	36.2	35.6	31.0	31.4	33.4	34.8	33.73
M.P.	42.22	42.04	43.59	36.85	24.7	32.5	35.3	35.7	36.7	36.7	33.60
MAHARASHTRA	35.08	38.05	36.69	34.28	28.1	35.3	37.3	37.0	36.8	42.3	36.13
ORRISA	38.3	39.04	38.68	34.57	28.9	34.1	31.7	35.9	41.6	42.1	35.72
PUNJAB	28.71	25.62	28.64	26.78	17.8	19.8	17.9	18.8	23.8	26.2	20.72
RAJASTHAN	43.6	36.68	42.8	43.45	34.1	40.1	39.5	38.9	45.2	44.8	40.43
TAMIL NADU	45.22	39.88	40.78	39.28	32.6	36.9	33.1	35.9	39.7	39.9	36.35
U.P.	38.14	32.82	34.91	29.88	28.6	33.6	32.1	34.4	37.8	37.3	33.97
W.B.	47.21	39.01	39.16	35.74	29.1	28.2	31.9	34.7	31.9	40.7	32.75

- SOURCE: 1. For all the major States except Himachal Pradesh----- Social sector Budgeting - An Analysis of Expenditure Pattern and the Budget Making Process in India in the 1990s- Jos Mooij and S Mahendra Devi.(Table A 18. State Wise Human Development Expenditure Ratios)
2. Social allocation ratios for Himachal Pradesh are based on the estimates of social sector¹ expenditure and aggregate expenditure (excluding debt service and repayment of loans) estimates by RBI on state finances for various years.

Table:2b): State wise Range of Social Allocation Ratio

Range of Social Allocation Ratio	1990-91	2000-01	20004-05 to 2009-10(Avg.)
≥ 40%	A.P.GOA, KERELA, M.P., RAJASTHAN, T.NADU & W.B.	BIHAR, KERELA, RAJASTHAN	BIHAR & RAJASTHAN
≥35- <40	BIHAR, GUJARAT, H.P., KARNATKA, MAHARASHTRA, ORISSA & U.P.	A.P., H.P., KARNATKA, M.P., T.NADU & W.B.	KARNATKA, ORISSA, MAHARASHTRA, T.NADU
≥30- <35	HARYANA(31.86%)	MAHARASHTRA, ORISSA, GUJARAT	A.P.GOA, GUJARAT, HARYANA, H.P., KERELA, M.P., U.P. & W.B.
≥25- <30	PUNJAB	PUNJAB, HARYANA, U.P.	-----
≥20- <25	-----	GOA	PUNJAB

Graph-2



¹ Social sector – we define as the total expenditure on ‘ Social Services’ and ‘Rural Development’ as given in Central and State budgets. The expenditure under the head ‘ Rural Development’ (which is listed under ‘ Economic Services’ in the budget classification) relates mostly to anti- poverty programmes.----- ‘Social sector Budgeting - An Analysis of Expenditure Pattern and the Budget Making Process in India in the 1990s’ - Jos Mooij and S Mahendra Devi

1. THE SOCIAL PRIORITY RATIO (SPR)

Social Priority Ratio (SPR) and Human Expenditure Ratio (HER) both the ratios have been found well above the UNDP suggested norm of 50% and 5% (see table—3) during the entire period i.e.1990-91 to 2007-08.The value of SPR & HER for Himachal Pradesh suggests a high degree of political commitment to human priorities. The only concern is the Social Allocation Ratio(SAR) which ranged between 37 percent to 39% during most of the period between 1990-91to 2000-01 has declined to an average level of 33% during the period 2004-05 to 2009-10.

Table: 3 Social Priority & Human Priority Ratio

YEAR	SE (Rs.Cr)	SPE (Rs.Cr)	SPR	CSDP (Rs.Cr)	HPR
90-91	426	247.16	58.2	2815	8.78
91-92	483.35	279.32	57.9	3317	8.42
92-93	565.73	333.41	58.3	3824	8.72
93-94	599.93	334.34	55.3	4782	6.99
94-95	707.05	405.43	57.4	5825	6.96
95-96	857.71	459.08	53.2	6698	6.85
96-97	963.9	546.71	56.2	7755	7.05
97-98	1217.03	652.28	53.6	8837	7.38
98-99	1524.16	817.05	53.1	10696	7.64
99-2000	1660.27	905.02	54.1	12229	7.40
2000-01			56.7		12.3
2001-02			56.8		11.2
2002-03			55.8		10.3
2003-04			59.0		11.3
2004-05			53.6		10.1
2005-06			51.8		10.8
2006-07			58.4		11.6
2007-08			57.0		11.3

Note:

- i. SE:- Social Sector Expenditure which include expenditure on social services and expenditure on rural development under revenue and capital account.
- ii. SPE:- Social Priority Expenditure which includes expenditure on elementary education, medical & public health, family welfare, water supply& sanitation on revenue & capital account.
- iii. SPR: Social Priority Ratio is Social Priority Expenditure as percentage of Social Sector Expenditure.
- iv. HPR:- Human priority Ratio is Social Priority Expenditure as percentage of GSDP at current prices(Base 1993-94)

Source of data:-

- i. The data on elementary education has been obtained from MHRD, Analysis of Budgetary Expenditure on Education(various issues), The data on Elementary Education for the year 1998-99 is based on Revised Estimate and for the year 1999-2000 is based on Budget Estimate. The data on social sector Expenditure has been obtained from RBI- State Finances, A Study of Budgets.
- ii. The data for SPR & HPR for the period 2000-01 to 2007-08 has been taken from 'RESOURCES FOR SUSTAINING HUMAN DEVELOPMENT IN HIMACHAL PRADESH', Tapas K. Sen ,H K Amarnath,Mita Choudhury,Surajit Das, National Institute of Public Finance and Policy, New Delhi, January 2010

2. HUMAN DEPRIVATION INDEX

Based on the poverty line, illiteracy, and infant mortality rate at four points of time i.e. 1981, 1991, 2001 & 2011, the study assesses the status of human development in three dimensions. They are **standard of living, educational and health**. Deprivation in decent standard of living is measured by the poverty ratio, education deprivation is measured by illiteracy and health deprivation is measured by infant mortality (IMR). The most straightforward way to measure poverty is to calculate the percentage of population with income or consumption level below the poverty line. The poverty line is defined as the aggregate per capita monthly expenditure of that group whose per capita, per diem 'calorie' intake (obtained from the expenditure on food items) confirms to certain specified norms. The caloric norms were fixed at 2434 kcal per capita per diem for rural areas and 2095 Kcal for urban areas (rounded off to 2400 and 2100 Kcal respectively). Literacy is a person's first step in learning and knowledge building and therefore, literacy indicators were essential for any measurement of human development. Illiteracy rate has been taken for measuring education deprivation. Illiteracy rate is calculated as 100 minus literacy rate. A complex set of biological; socio-economic, demographic and cultural factors underlie infant mortality (IMR). Infant mortality rate is a sensitive index of socio-economic condition of a population. It is an excellent indicator of the level and quality of health care and other social infrastructure available to a population. Infant and child mortality rates provide a good approximation of a community's current health status and by implications, of the welfare of the population and the quality of life itself. Infant mortality rate is the number of infants who die before reaching 1 year of age, expressed per 1,000 live births in a given year. So based on the poverty line, illiteracy rate and infant mortality rate and by giving equal weight age, the study applies the following methodology for constructing the human deprivation index:

$$\text{Human Deprivation Index} = \frac{1}{3} (\text{PL}) + \frac{1}{3} (\text{IR}) + \frac{1}{3} (\text{IMR})$$

PL= Poverty Line, IR= Illiteracy Rate, IMR= Infant Mortality Rate.

Table:- 4 HUMAN DEPRIVATION INDEX FOR HIMACHAL PRADESH

YEAR	POVERTY RATIO(%)	ILLITERACY RATE (%)	IMR	DEPRIVATION INDEX
1981	16.40(based on poverty ratio of 1983)	48.82	143	69.41
1991	28.44 (based on poverty ratio of 93-94)	36.14	82	48.86
2001	7.63 (based on poverty ratio of 99-00)	24.09	64	31.90
2011	6.7	16.22 (based on 2011 census)	44 (based on 2008 estimates)	22.31

Source: (1)National Human Development Report 2001. (2) Human Deprivation Index for the Year 1999-00 & 2001 taken from ' A Study About Poverty , Health, Education & Human Deprivation in India' by Sarvalingam and Sivakumar,2004.- Deptt. Of Economics, Chikkaih Naicker College Erode-4, Tamil Nadu 3. Poverty estimates for 2011 are based on the data available on planning Commission website, <http://planningcommission.gov.in>- Data for use of Deputy chairman planning commission, 28th march 2011.4.IMR data for the year 2008 have been obtained from www.Indiacurrentaffairs.org/infant-mortality-rate-in-india. The data is based on the information supplied by the Minister of Health and Family Welfare in a written reply to a question raised in Rajya Sabha.

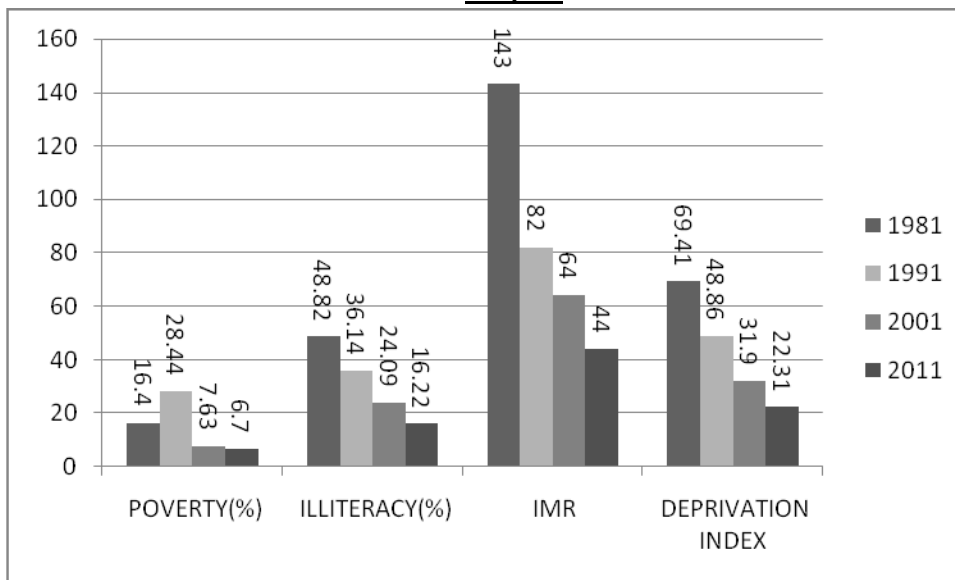
Graph-3

Table: 4 & Graph-3 reveals a sharp decline in human deprivation in the years 1991, 2001 & 2011 as compared to the year 1981 in Himachal Pradesh. The deprivation index was very high at 69.41 points in 1981 declined sharply to 48.86 points i.e. by 20.55 points in 1991. The index again fell down by 31.90 points in 2001 i.e. by almost 17 points as compared to 1991. In the year 2011 the deprivation index again fell by 9.59 points and reached a level of 22.31 points. All this indicates that the state is doing well on human development front.

As far as the infant mortality rate (IMR) is concerned, it was high at 143 per 1,000 live births in 1981. Although IMR showed decline throughout the period under study but it declined very sharply to reach a level of 82 (a decline of 61 points) in 1991 as compared to 1981. In 2001 & 2008, IMR further declined to 64 and 44 respectively.

In spite of better performance of the state in terms of eradicating education and health deprivation, the state's performance was noticed worse in terms of poverty eradication during the pre reform period. The poverty ratio increased sharply from 16.4% in 1983 to 28.44% in 1993-94 i.e. by 12 percentage points. But the state's performance during post reform time has been found consistently better in terms of all the three aspects of human development. The state was successful in eradication of poverty drastically by 20.81 percentage points in 1999-2000. The poverty ratio which was as high as 28.44 per cent in 1993-94 reached as low as 7.63% in 1999-2000 and 6.7% in 2011.

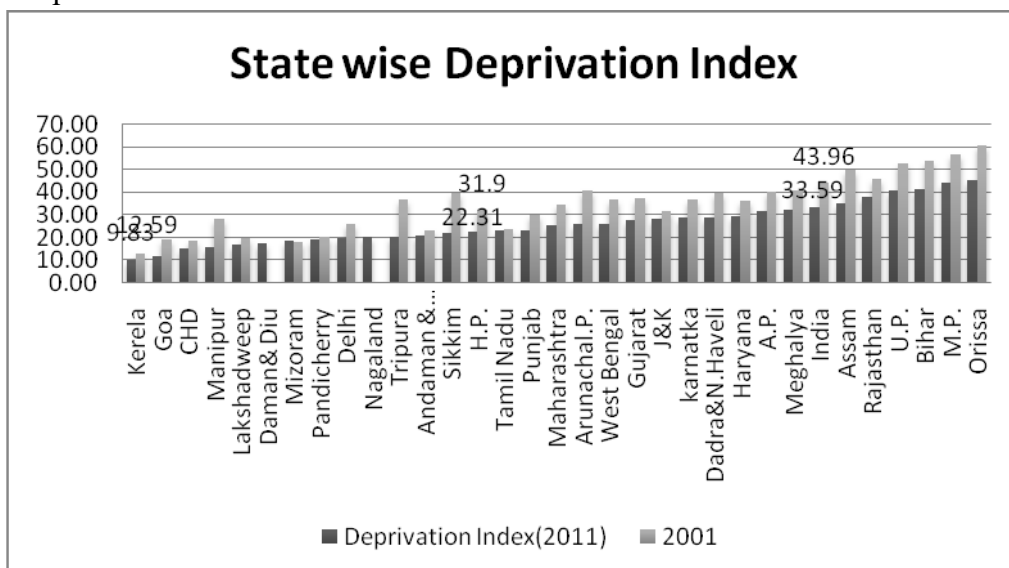
STATE WISE COMPARISON

State wise human deprivation Index based on poverty line (1999-2000), illiteracy rate(2001) and IMR(2001) prepared by **A. Sarvalingam and M. Sivakumar** found Kerela as the least deprived state(Annexure-1) with only 12.59 deprivation points followed by Mizoram(17.98 points), Goa(19.35 points), Tamil Nadu(23.54 points), Manipur(28.21 points), Punjab (30.06 points) , J&K with 31.34 points and Himachal Pradesh with 31.90 points ranked 8th .(Annexure-1)

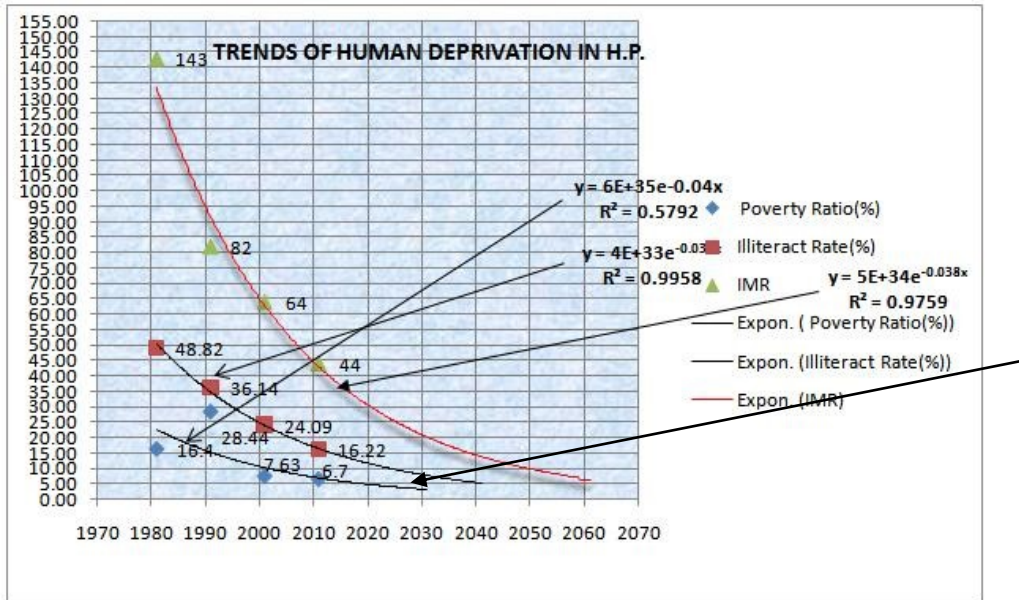
In the deprivation index 2011 Kerela further improved its position and also maintaining its position as the least deprived states with 9.83 deprivation points followed by Goa(11.53), Manipur(15.78) Mizoram(18.31), Nagaland(20.13), Tripura(20.22), Sikkim(22.0) and Himachal Pradesh(22.31). the rank of Himachal Pradesh remained same i.e. the state ranked 8th in 2001 deprivation index as well as 2011 deprivation index. The interesting point to note is that all the states except Mizoram reported decline in Human deprivation in 2011 as compared to 2001.

Human deprivation was found highest in Orissa with 60.50(2001) & 45.15(2011) deprivation points followed by Madhya Pradesh with 56.77 points(2001), & 43.92 points(2011). Bihar with 54.02 points(2001) & 41.56 points(2011), Uttar Pradesh with 52.92 points(2001) & 40.93 points(2011), Rajasthan with 45.74 points(2001) & 37.81 points(2011) and Assam with 49.93 points(2001) & 35.27 points(2011). These six are the most deprived states and have been found above the above the national deprivation index points in 2001 & 2011.(Annexure-1&2)

Graph-4



TRENDS ANALYSIS OF HUMAN DEPRIVATION IN HIMACHAL PRADESH
Graph-5



The exponential trends found above in Graph-5 shows that the state may achieve a 5 percent level of poverty by the year 2020. Already state has 3rd rank with 6.73 percent poverty level after J&K with poverty ratio of 4.2 percent and Punjab with 5.2 percent poverty level. Kerela the least deprived state ranks 7th in terms of poverty ratio of 11.4 percent. So in terms of poverty reduction, Himachal Pradesh is much ahead of the 1st rank state Kerela in Human Development.

The Graph further shows that the state has an illiteracy percentage of 16.22 and it may achieve an illiteracy level below 10 percent by the year 2030 and 5 percent by the year 2040. On this indicator the state of Kerela is much ahead of Himachal Pradesh as it has already achieved an illiteracy percentage of 6.09 in 2011.

As far Infant Mortality Rate is concerned the state may achieve the Millennium Development Goals (MDGs) of reducing IMR at a level of 30 by the year 2020 which was targeted to be achieved by the year 2012 in the XI Plan. If the trend continues state may attain IMR of 10 per thousand by the year 2050- a long period. It is important to mention here that Kerela has reported the lowest IMR of 12 per 1000 in 2011. Therefore, the state needs to put special efforts to improve the health infrastructure/ services if it really wants to achieve the status of the least deprived state. With its weak health

infrastructure Himachal Pradesh is a special focus state with other 17 States under NRHM. The state must focus on the health sector and needs to give a big push to this sector.

Conclusions& Suggestions

- 1. Although PER has shown declining trend as it has fallen from 40% in 1980-81 to an average level of 33.7 percent during 2005-09 yet it is still high as UNDP recommends that PER should be kept at moderate level of around 25% . This can be done by reducing the unproductive expenditure.** A high PER is neither a virtue nor a necessity.
- 2. In the case of Himachal Pradesh, the public Expenditure on the basis of UNDP norms is high, but the social allocation ratio is declining. There seems to be a pressure on the Social Allocation Ratio as the average SAR has fallen from 38%(avg. during 1991-2001) to 33.7%(avg. during 2004-05 to 2009-10). As per UNDP it should be 40%.** Therefore, there is a need to restructure the pattern of expenditure in favour of the social sector. While a high SAR does not guarantee a good human development performance, it does make an important contribution. In the state the High level of human development is the result of the higher allocation made by the state for social and social priority sector in the past. Hence, increasing SAR is desirable, by switching resources from other areas of government expenditure. But increasing SAR should not be at the cost of diverting resources from the spending on economic sector, as widespread cut-backs Strategies for Financing Human Development of public spending on economic services could be a hindrance to potential economic growth of the state. The restructuring of the budget should be such so as to curtail its non-developmental expenditures.
- 3. Although the State has performed well on all the parameters of human development yet it needs to focus on the health sector as it is the health Index which shows the higher variation in UNDP's HDI value as compared to Kerela –the least deprived state. The IMR in Kerela is 12 per 1000 and in Himachal it is 44. If the same trend continue, the the state may achieve IMR of 10 per thousand by the year 2050 which is a long period. So the state has to look for ways to release more resources for preventive and basic curative care vis-à-vis tertiary health institutions. There is an urgent need for the government to give more importance to rural health services. Himachal Pradesh, with its poor health infrastructure, must utilize properly the GOI funding under NRHM and ensure quality health services to the people of the state. NRHM caters for almost all components required for putting in place a qualitative health service delivery system for the rural population of the**

state. National Rural Health mission not only promises states to provide funds to put in place a highly qualitative health facilities for its people in general and poor in particular right from village to state head quarter level but it also provide funds for creation of strong institutional and organizational mechanisms to implement NRHM components, extensive capacity building of all involved in implementation, hiring expert manpower/agencies to carry out specialized tasks where state has little capacity and elaborate guidelines on every component. Under NRHM, GOI provides 100% grant. Under NRHM Himachal Pradesh with weak health infrastructure is a special focus state with other 17 States. The aim of the programme is to provide effective healthcare to rural population throughout the country with special focus on 18 states, which have weak public health indicators and/or weak health infrastructure. Himachal Pradesh is one of these 18 states (NRHM Mission Document). Since its inception in 2005, Government of India has approved 4229 Million INR (Pathania 2008) In addition the government may have to look for cost effective alternatives without compromising quality of, or reducing access to, basic social services. Moreover, appropriate user charges can be applied so as to recover some real cost of services keeping in view the existing financial crunch.

4. On poverty eradication Himachal state with poverty ratio of 6.7 percent is much ahead of kerela as the latter had poverty ratio of 11.4 percent in 2011. If the trend in reduction of poverty continues then the state may achieve a 5% level of poverty by the year 2020.
5. UNDP 's Education Index also ranks Himachal very high with 2nd rank after kerela. In this area state just needs to focus now on the quality aspect of Education. This is required in the light of the recent report of Organization of Economic Cooperation and Development (OECD) which reports that if school students of India are tested on the parameters of quality education then India ranks 73 out of 74 countries- just ahead of kirgistan. Recently, an Indian NGO 'PRATHAM' released its report 'ASAR 2011' on the status of rural education in India. The report points out that in the year 2011 just 48.2 percent of students of class 5th were found capable of reading class 2nd lesson. In addition, organizations like Wipro and Education Initiative have also cautioned about the poor quality education in good private schools also.
6. One of the observations commonly made is that the state's development is almost fully driven by the public sector. This is probably true, at least in the case of human development sectors. After all, there is very little private supply in any of these areas and roughly one person in every four households has a job in the public sector in the state, making the public sector possibly the only significant employer in the state. (Sen, Amarnath, choudhary, Dass (2010). Since Public sector is

the reality in Himachal Pradesh keeping in view the difficult hilly terrain, adverse climatic conditions, higher cost of living, limited scope for attracting private investments, weak resource base, higher debt repayment liabilities and higher costs of development and administration, every effort should be made on the part of the Govt. to improve the delivery system of the public services. Accountability and transparency must be ensured at every level. However, it needs to be emphasized that the problem of leakages and misutilisation of resources, which affect efficiency and effectiveness of public expenditures must be dealt with seriously. Otherwise the level of Human development achieved cannot be sustained.

7. By virtue of being a 'Special Category State', Himachal Pradesh gets larger amounts of transfer from the central government that certainly helps in keeping its finances stable. State must ensure the proper implementation of the central sponsored schemes . The money allocated under the different central sponsored schemes must be spent properly and in a transparent way. Funds sanctioned under central sponsored schemes should not remain unspent or unclaimed from GOI against sanctioned schemes. Therefore strong Public sector in the state seems to be the only alternative at the moment.
8. Keeping in view the achievement of the state on Human Development, GOI must think of giving some special grants/ debt relief to this only special category state who has achieved the high level of Human development not only in the country but also competing at international level. After all it is the human development which matters the most.

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Annexure – 1 : Human Deprivation Index

States	Poverty line (1999)	Illiteracy Rate (2011)	IMR (2001)	Deprivation Index
A.P.	15.77	38.89	66	40.21
Arunachal.P.	33.47	45.26	44	40.89
Assam	36.09	35.72	78	49.93
Bihar	42.6	52.47	67	54.02
Goa	4.4	17.68	36	19.35
Gujarat	14.07	33.57	64	37.21
Haryana	8.74	31.41	69	36.38
H.P.	7.63	24.09	64	31.9
J&K	3.48	45.54	45	31.34
karnatka	20.04	32.96	58	36.99
Kerela	12.72	9.08	16	12.59
M.P.	37.43	35.92	97	56.77
Maharashtra	25.02	28.73	49	34.24
Manipur	28.54	31.13	25	28.21
Meghalya	33.87	36.69	52	40.85
Mizoram	19.47	11.51	23	17.98
Nagaland	32.67	32.89	NA	NA
Orissa	47.15	36.39	98	60
Punjab	6.16	30.05	54	30.06
Rajasthan	15.28	38.97	83	45.74
Sikkim	36.55	30.32	52	39.61
Tamil Nadu	21.12	26.58	53	23.54
Tripura	34.44	29.36	49	36.59
U.P.	31.15	42.64	85	52.92
West Bengal	27.02	30.78	53	36.92
Andaman & N.Bar	20.99	18.81	30	23.06
CHD	5.75	18.24	32	18.65
Dadra&N.Haveli	17.14	39.97	61	39.36
Daman& Diu	4.44	18.91	NA	NA
Delhi	8.23	18.18	51	25.8
Lakshadweep	15.6	12.48	30	19.36
Pandicherry	21.67	18.51	21	20.39
India	26.1	34.8	71	43.96

Source : I. Sarvalingam, A. & Sivakumar, M.(2004), "A Study About Poverty, Health, Education And Human Deprivation In India"- Department of Economics, Chikkaih Naicker College, Erode-4, Tamil Nadu.

Annexure - 2

States	Poverty (2011)	Illiteracy (2011)	IMR (2008)	Deprivation Index
A.P.	11.1	32.34	52	31.81
Arunachal.P.	13.4	33.05	32	26.15
Assam	15	26.82	64	35.27
Bihar	32.5	36.18	56	41.56
Goa	12	12.6	10	11.53
Gujarat	12.5	20.69	50	27.73
Haryana	9.9	23.36	54	29.09
H.P.	6.7	16.22	44	22.31
J&K	4.2	31.26	49	28.15
karnatka	17.4	24.4	45	28.93
Kerela	11.4	6.09	12	9.83
M.P.	32.4	29.37	70	43.92
Maharashtra	25.2	17.09	33	25.10
Manipur	13.2	20.15	14	15.78
Meghalya	14.1	24.52	58	32.21
Mizoram	9.5	8.42	37	18.31
Nagaland	14.5	19.89	26	20.13
Orissa	39.9	26.55	69	45.15
Punjab	5.2	23.32	41	23.17
Rajasthan	17.5	32.94	63	37.81
Sikkim	15.2	17.8	33	22.00
Tamil Nadu	17.8	19.67	31	22.82
Tripura	14.4	12.25	34	20.22
U.P.	25.5	30.28	67	40.93
West Bengal	20.6	22.92	35	26.17
Andaman & N.Bar	17.6	13.73	31	20.78
CHD	3.8	13.57	28	15.12
Dadra&N.Haveli	30.6	22.35	34	28.98
Daman& Diu	8	12.93	31	17.31
Delhi	10.2	13.66	35	19.62
Lakshadweep	12.3	7.72	31	17.01
Pandicherry	18.2	13.45	25	18.88
India	21.8	25.96	53	33.59