

# TIME TO PRIORITISE EDUCATION AND HEALTH

Relevant for: Developmental Issues | Topic: Education and related issues

In recent months, the government's macroeconomic policy has acquired a new salience in the context of reversing the current slowdown. The policy currently being pursued is intended primarily to incentivise potential investors by facilitating ease-of-doing-business and making large-scale concessions to the corporate sector. In this context, the government is taking credit for the relatively higher, though by no means spectacular, flow of foreign private capital and the progress of India in the ease-of-doing-business rankings. Further, tax concessions given to the corporate sector in the last budget are estimated at more than 1.40 lakh crore.

Besides these, the remaining limitations on foreign investment are being relaxed or removed. In the process, the conditions laid down for these investments to serve social objectives and help in indigenisation are being jettisoned. But in spite of these measures, and amidst the absence of demand, there is little evidence of any significant increase in investment by the private sector.

However, economists who are in favour of the above development strategy would like the government to go further and implement other items on their reform agenda, such as labour market liberalisation and removal of constraints on acquisition of land for industrial purposes. These economists brush aside the negative impact such reform measures are likely to have on the incomes, living conditions and the economic security of the workers and the agricultural class. Moreover, the policy of freedom of hiring and firing of labour will be counterproductive as it would squeeze demand further in a situation of huge demand deficit.

Some of the economists in the above category are also advocating acceleration of investment in infrastructure. No sensible person will oppose additional efforts to build infrastructure which continues to remain awfully deficient in our country. But, while talking about infrastructure, these economists mean only physical infrastructure and that too only large projects in the field of transport and energy. They hold no brief for investment in human infrastructure, particularly in education and health. Besides, we must remember that investment in physical infrastructure is not as labour-intensive as that in other sectors and that large-scale projects in this field have long gestation periods.

Abhijit Banerjee, a co-winner of the Nobel Prize in Economics, has been one of the few economists making a case for transferring income to the poor who are likely to spend the additional income to buy goods and services, an enhanced production of which offers the best chance for reversing the current slowdown. In this connection, he has singled out the mechanisms of the Mahatma Gandhi National Rural Employment Guarantee Act and direct income transfers. But, even he has not mentioned the potential of investment in social sectors for creating demand in the short run by way of opening avenues for large-scale employment, and imparting competitiveness and sustainability to the Indian economy in the medium and long run.

It is widely recognised that the social sectors in India are grossly underfunded. No mainstream economist or policymaker has come out with a suggestion for enhancing expenditures in these sectors. On the contrary, they have made expenditure in social sectors conditional upon higher rate of growth. Most mainstream economists and policymakers also believe that public expenditure in social sectors can only have a long-term impact on growth, and what is now needed is macroeconomic policies which can have immediate or very short-term impact. This belief is deeply flawed, as it can be demonstrated that increased public expenditure in social sectors in the magnitudes required for meeting the constitutionally mandated objectives can

have short- and medium-term effect of enhancing employment, generating demand and attracting investment.

Let us take the example of the impact of investment in school education on employment and, hence, demand creation. The Right to Education Act (RTE) sets out the objective of universalising elementary education in five years. The National Education Policy, 2020 states that the Act “will be reviewed... to ensure that all students... shall have free and compulsory access to high quality and equitable schooling from early childhood education (age three onwards) through higher education (i.e. until Grade 12)”. We, at the Council for Social Development, have calculated the magnitude of demand creation by meeting just one condition for realising this objective, i.e. employment of teachers. We have arrived at a figure of 5.7 million teachers by taking as the base the total number of children going to school from the 2011 Census; adjusting it appropriately for rate of growth in population since then; dividing these numbers by the pupil-teacher ratios fixed for each level of schooling; and deducting from it the number of teachers currently employed, obtained from the Unified District Information System for Education data. (As there is no fixed pupil-teacher ratio for children in the 3-6 years age group, we have assumed a ratio of 10:1).

The recruitment of 5.7 million additional teachers over a period of, say, five years, can create huge scale demand. And, this is only one factor essential for universalising quality school education. There is also a large gap between requirement of infrastructure in the schools and that available and built recently. According to government data, only 12.5% of the schools covered by the RTE Act were compliant with RTE norms, most of which are related to infrastructure. Meeting these norms has the potential of creating employment on a large scale.

Similarly, in the health field, there is a vast number of vacant posts for professionals at these levels. There is a huge deficit of paramedical workers, middle-level health workers, nurses and trained doctors. This is evident from the long queues of patients in the ill-equipped and inadequate primary health centres and government hospitals.

The fact that health and education are of instrumental value in driving growth, creating employment and improving people’s well-being is widely recognised but often forgotten when it comes to making investment in these sectors. Education has a crucial role to play for an individual in gaining employment and retaining employability. If we compare 2011 and 2017 data released by the Labour Ministry, the gap in educational attainment emerges as the single most important factor separating the gainers from the losers of the higher rate of growth during this period.

Health and education have been widely recognised as public goods. In most developed and several developing countries, these services are either provided or are heavily subsidised by the state. Unfortunately, in India, we find the opposite trend of the state withdrawing from the provision of these services and consequently their rapid privatisation. In fact, the government has a well-entrenched policy of encouraging privatisation in both health and education. But, privatisation in these sectors has not led to efficiency or improvement of quality. It has only destroyed public sector institutions, promoted greater inequality and pushed the poor out.

The gestation period of projects in social sectors is not as long as it is made out to be. After all, in the RTE Act, a gestation period of only five years was envisaged for universalisation of elementary education. It is therefore time for reprioritising education and health in the scheme of development strategy and the allocation of budgetary resources.

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