Q1

Examine the pattern and trend of public expenditure on Social Services in the post-reforms period in India. To what extent this has been in consonance with achieving the objective of inclusive growth?( ).

UPSC Civil Services Mains 2024 · GS III · 10 marks · Inclusive Growth

Inclusive growth and issues arising from it.

Core demand of the question

- Examine the pattern and trend of public expenditure on social services after 1991
- Judge how far that spending has been in consonance with inclusive growth
- Do not treat a larger budget line as proof of inclusion

Revision summary

After 1991, social-services spending did not jump at once; it thickened from the mid-2000s with school, health, work and food missions.

States spend more on social services than the Union; education is the largest slice and health is smaller.

- **The direction matches inclusive growth:** more public money on people, not only on factories.

The match is incomplete because learning, public health and out-of-pocket medical costs still exclude many.

Inclusive growth is tested by who is reached, not by the size of a budget head alone.

Introduction

The 1991 reforms cut the State's industrial licence Raj. They did not abolish the State's duty to **educate, heal and insure** the poor. **Social services -** education, health, water, sanitation, housing and welfare - therefore became the test of whether growth after liberalisation would be **inclusive**. The rupee spent is only half that test. The other half is whether the extra rupee reached the household that needed it.

Body

Pattern and trend after 1991

In the first reform decade the Union's priority was **stabilisation and industrial deregulation**. Combined public spending on social services did not jump at once. From the **mid-2000s the pattern changes. Rights and missions enter the budget: school missions, the health mission, rural work, food law, and later sanitation and tap-water missions. States remain the larger spenders** on social services; the Union designs and co-finances. **Education takes the thickest slice**. Health stays thinner, though it thickened after the National Health Mission and after the pandemic. The trend is therefore **upward in**

outlay and in scheme coverage, with a federal tilt toward State budgets and a composition still biased toward education rather than public health.

- **Peg:** SSA / Samagra Shiksha, NHM, MGNREGA and the National Food Security Act are the large post-reform social vehicles.
- **Peg:** Combined Centre-State social-services spending as a share of GDP has been reported as rising over the last decade in successive Economic Surveys, without turning India into a high-tax welfare State.

Consonance with inclusive growth

Inclusive growth, as the Eleventh Plan framed it, means the extra GDP is **felt in more lives**: school, clinic, wage floor, food. Higher social outlay is **in the right direction**. Literacy, school enrolment, vaccination and official multidimensional poverty have moved the right way. The mismatch is **quality and incidence**. Learning outcomes remain weak. Public hospital beds and specialists are still thin in poor districts. A large share of health spend is still **out of pocket**. Urban casual workers and many women fall between scheme cracks. If social expenditure rises while **IHDI-type gaps** and malnutrition persist, the budget is only partly in consonance with the objective.

- **Peg:** Inclusion needs outcomes - years of learning, not only classrooms; a clinic that works, not only a mission logo.
- **Peg:** Growth versus welfare is a false war here: social spending is how a market economy keeps the bottom inside the growth story.

The honest verdict is **partial consonance**. The post-reform State spends more, and more visibly, on social services than the 1990s State did. It has not yet spent **enough, well enough, or evenly enough** to call the objective achieved.

Flow diagram

1991 reforms -> Social services outlay

Social services outlay -> Education largest

Social services outlay -> Health thinner

Education largest -> Inclusive growth test

Health thinner -> Inclusive growth test

Inclusive growth test -> Outcomes not only budget

Conclusion

Social-services spending rose after the mid-2000s, led by States and by education. That supports inclusive growth in direction, not yet in depth: health and quality still lag the inclusive-growth claim.

Facts & figures

Eleventh Plan

Made inclusive growth the official Plan language: growth whose benefits reach the poor through jobs and public services.

Federal pattern

States are the primary spenders on education and health; the Union co-finances missions and rights-based schemes.

Education bias

Within social services, education typically takes a larger combined share than health.

Rights decade

MGNREGA, the Right to Education, and the National Food Security Act turned several social claims into legal entitlements.

Economic Survey series

Recent Surveys have tracked a rise in combined social-services expenditure as a share of GDP over the last decade.

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