

## INCREASED EMPHASIS ON WELFARE SCHEMES IN UTTAR PRADESH: A PARADIGM SHIFT ?

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### INTRODUCTION

Uttar Pradesh has become a state to initiate maximum number of welfare schemes during last four years. While this is a welcome development it would be interesting to investigate into the manner in which these schemes have been implemented and impact these scheme have made on the development of people of the state and whether they hold any promise for the future. While it may be a bit too early to expect impact of some schemes so early, it will be worth undertaking an exercise to evaluate the impact these schemes have made and the direction they are heading in. Uttar Pradesh government has introduced the following welfare schemes during last four years: Samajwadi Pension Yojana; Free Laptop Distribution Scheme; DBT scheme for farmers; Ambulance Service 108 and 102; Women Powerline 1090 Scheme; Women Powerline 1090 ; Kamdhenu and Mini Kamdhenu Yojana; Employment Benefit Scheme; Lohia Awas Yojana; Balika Vidya Dhan Yojana; Free Bicycles Distribution and Skill Development Yojana. This paper is an attempt at understanding the impact of these schemes and explore if there is a change in priorities of the policy makers hinting at a shift in development perspective.

Looking back at the beginning of the tenure of this government, one observes that the State Government had drawn a bold and ambitions plan for the five year (2012-17) period which has double the size of XIth plan at Rs 3.61 lakh crore. The size of the state's own XIth Plan was about Rs 1.81 lakh crore.. This however, is only small part of the story. The total XIIth Plan size is pegged at a massive Rs 17.64 lakh crore. Of this amount the requirement of

private investment has been estimated at Rs 12.57 lakh crore and the contribution of centre at Rs 1.71 lakh crore growth rate in the last decade (2002-12) has ranged between 6 per cent to 6.5 per cent. The XIIth Plan envisages an overall annual growth rate of 8.5 per cent. It is an ambitious target that will need both bold policies as also action steps for its achievement. While, historically, growth in UP has been slow there are some positive swings to be observed. Fiscal management has improved in the state in recent years and FRBM limits have generally been observed. BCR balances have been positive and fiscal deficit in the annual budget of 2013-14 has been below 3 per cent of the state's GSDP. More development funds are now going for capital expenditure. Central transfers have substantially increased in recent years.

Plan sizes have gone up and, in overall terms most of annual plan outlays have been utilized. But, having said that, it must be recognized that UP is still a poor, backward state which is almost at the bottom of growth rating amongst large states in India. It has severe fall population pressure and over two-fifth of its people below the poverty line. Per capita income of its citizens is less than half of the national average.

Human resources are abundant but not educated, trained or skilled in the needed Measure. Agriculture and its allied sectors of the economy are largely undiversified while the industrial base is narrow as also poorly modernized. The result is very limited value additions to various types of primary produce take place. Consequently employment generation gets adversely affected and people's income enhancements do not occur in the needed measure. The industrial base has been narrow and stagnant as SME and small industrial have not been

able to contribute reasonably to manufacturing sector. It needs modernization of industrial production and induction of the largest technologies for that purpose. Then there are environmental challenges and negativities that obstruct growth as also its sustainability. The impending negative and damaging climate change impacts have yet to be factored into the processes of planning. A highly important area of concern is human resource development which requires high quality educated, trained and skilled manpower. Again some other critical areas of attention are those relating to the filling up of the glaring physical and financial infrastructure gaps. On the physical side these deficits relate to power, irrigation, roads, transportation, housing, drinking water, sanitation, etc. On the social side the gaps abound in education (including technical education) at all levels, skill formation health, social justice, economic and gender equity and inclusiveness, and environmental sustainability and security. These deficits cannot be addressed unless (a) Resource mobilization is greatly improved (b) the quality and availability of educated, skilled and trained human resources is ensured, (c) Local governments (e.g. PRIs, ULBs, etc) are effectively empowered (d) Investor confidence is built (e) Governance is improved so that it becomes efficient, responsive, transparent, performing and accountable, (f) Monitoring, evaluation and corrective action steps are prioritized and (g) Corruption is minimized and trust deficits are removed. The key goals of the XIIth Plan are now well defined. The crux lies in responsible and effective implementation within set time and cost lines.

## APPROACH TO PROGRAM IMPLEMENTATION

The state government made its intentions clear by taking up issues promised in the election manifesto of the party. The beginning was made with implementing the Free Laptop Distribution Scheme to 15 Lakh students of the state studying in first year of graduation. The scheme needed nearly Rs 2000

crores. An important intervention in social sector, the scheme generated serious debates in the state as well as outside. Soon after, Balika Vidya Dhan Scheme, a scheme aimed at motivating young girls to join school and continue their studies. This was followed by Free Bicycle Distribution Scheme.

During 2015-16 alone the state government announced several new schemes worth Rs 13,842 crore targeting various segments, including farmers. Significant among them are 'Samajwadi Kisan Evam Sarvhit Bima Yojana' for which Rs 897 crore has been provided, Samajwadi Yuva Self Employment Scheme (Rs 40 crore), Dr Ram Manohar Lohia Panchayat Empowerment Scheme (Rs 6.61 crore) and Rs 72 crore for hostels in co-educational 'Samajwadi Abhinav Vidyalyas' in 18 divisions. Another Rs 300 crore has been given for I-Sparsh Smart Village scheme.

For weaker sections, a provision of Rs 1,550 crore has been made for old age/farmers' pension, Rs 500 crore for family pension. Scheme of financial assistance for marriage of girls has been revived and Rs 121 crore for SC, Rs 1.30 crore for ST, Rs 154 crore for OBC, Rs 82 crore for minorities and Rs 41 crore for general category have been earmarked. Rs 2 crore has been allocated for compensation to the family members of sanitation workers who die during cleaning of septic tanks. Rs 541 crore has been earmarked for providing aid to destitute widows and their children belonging to general category and Rs 96 crore for destitute women belonging to SC/ST category. In medical education, a provision of Rs 4,572 crore has been made for state medical colleges and hospitals affiliated to KGMU, SGPGI, Lohia Institute and UP Rural Institute of Medical Sciences and Research, Saifai.

For relief works under the state disaster fund, Rs 709 crore has been proposed, and an action plan of Rs 2,057 crore has been prepared to offset losses in 50 drought-hit districts. A target to distribute crop loan totaling Rs 93,212 crore for fertilisers and seeds has been set, besides a provision of Rs 450 crore for the crop insurance plan. The budget has also set a target of producing 660 lakh mt of foodgrains and 14 lakh mt oilseeds. A provision of Rs 787 crore has been made under the

National Agricultural Development Scheme. The annual document has provided Rs 400 crore for setting up new dairy plants with a target to produce 362 lakh mt of milk. It's looking at creating jobs for 60,000 persons through fisheries and intends to cover 2.05 lakh members of fishermen societies under the Fishermen Insurance Scheme based on free premium.

## ANALYSIS AND DISCUSSION

If the assessment is to be made in terms of utilization of the budget utilization, the past experience of the state has been unimpressive. If we take XIth plan onwards we observe that the Eleventh Five Year Plan ended on 31/3/12 with about 96 per cent utilization of the approved outlay. While overall utilization percentage is satisfactory expenditure efficiencies have been poor and, in certain important sectors like, for example health and sanitation, the use of funds has fallen far short of allocations. Also serious leakages in certain plan funds have been reported. The present state outlay for the Twelfth Plan had been placed at Rs. 3.61 lakh crore, nearly double of the Eleventh Plan expenditure. The important economic sectors in which the outlays have been steeply increased include Irrigation and Flood Control where the allocation is nearly three times the expenditure incurred during 11th Plan and the substantially higher I sectors of Rural Development, (137.7%), Special Area Programmes (144%), and Industry and Minerals (129.7%) against the overall increase of 95 per cent in the economic sectors. It is clear that sectors dealing with the establishment of infrastructure facilities have been prioritized while fixing outlays. The increases in the outlay of social sectors is also marked, up to 1.45 lakh crore against 71,000 crore expenditure during the Eleventh Plan. While 12th Plan outlay is twice that of the 11th Plan the net increase would be much less if the high inflation rates are factored in.

The relative shares of outlays for economic and social sectors continue to be of the order of 60 per cent and 40 per cent, respectively. Development of infrastructure is vital for growth in UP The share

of outlay for irrigation and flood control has been raised from 8.2 per cent to 10.5 per cent but proper utilization of the enhanced outlay would need to be ensured. The energy sector also witnesses a rise in the 12th Plan to 13.8 per cent. That may be true but the total power sector investment needs would be far higher and much of such investment must come through private sector and through enhanced share from central power projects. In this sector it is not generation alone that needs steep rise, It is equally important to vastly improve transmission and distribution and lay special stress on maximizing production of renewable energy (solar, photo-voltaic, and biomass as also waste based).

Among social sectors maximum share in the outlay of the Twelfth Plan has rightly gone to Education at 12.9 per cent against 7.2 per cent during the Eleventh Plan. But the equally vital sector of Health has received only a marginally higher share of 5.8 per cent against 5.3 per cent in the preceding plan. Expectably more central funds would flow into this sector.

It is unfortunate that despite outlay enhancements during the Eleventh Plan, these were found to be much lower than the requirements of UP. Per capita plan expenditures in UP have been consistently lower than average for all States. During the Eleventh plan per capita outlay of Rs. 10911 in UP was about 33 per cent less than the All-States average and still lower in relation to more progressive states. Owing to low investments in UP, both in public and private sectors, its economy had failed to grow fast enough. UP has lagged much behind the country's progress. This is clear from the fact that per capita income in UP is less than half of India's average. During the Tenth Plan annual growth rate in UP was only 5.2 per cent against the national growth figure of 7.8 per cent. The Eleventh Plan recorded some improvement in that respect and the rate went up to between 6 to 7 percent. If the State is to catch up it needs to accelerate the growth rates to 10 per cent or more over the next decade. The gap between the per capita income in UP and India continues to grow, average income in the state falling to 49.4 per cent of the national average in 2010-11 and to about 30 per cent of progressive

states like, Haryana, Punjab and Gujarat. High growth in UP, which accounts for about one-sixth of the country's population, is vital for national growth. Low growth in UP is attributable to lack of adequate infrastructural facilities, particularly in areas like power, roads, transport and shortages in trained or skilled man-power. A favorable investment climate has been missing with the result that private sector has not been coming forth to set up enterprises in UP. Power shortages are acute. Unless severe energy gaps are filled quickly the economy cannot grow speedily.

Many development indicators related to UP show that the State is falling behind economically. This is particularly true of indicators like urbanization, banking facilities, credit-deposit ratio in banks, generation of power, Consumption of electricity, availability and quality of roads, health, education and industry. Skilled manpower shortages are yet another severe gap.

UP requires much higher investments in power, agriculture, irrigation, transport, education, and health. More importantly, it is necessary to reduce serious leakages in expenditure and improve expenditure efficiencies through prudent use of resources so as to obtain optimum returns. Corruption, rent-seeking and misutilization of funds are to be observed in many development areas. These need to be addressed to optimize plan benefits for people in real terms.

The welfare programmes being implemented in the State have brought in an environment of positivism and improvement of governance. Performance in such programmes has shown marked improvement which is clearly manifested in utilization of funds, pace of projects and increased number of trained personnel and similar factors. Remedial actions for previous flaws are required to be taken on a priority basis. The State has not been given a fair deal in location of central public sector investments.

Monitoring of the progress of schemes and programmes is integral part of the implementation process. Modern technologies and their multi-pronged development, particularly in the fields of information and communication, in data processing,

storing and its accessing in real time, in monitoring, and in transferring of benefits and delivery of services can and do provide cutting edge knowledge based solutions to many governance problems. Greater uses of information technology, biotechnology, electronic banking, systems networking and new materials can be very advantageously utilized to reach effective and meaningful and enabling governance to citizens where they are located.

It is now well recognized that the role of e-Governance in economic and social spheres of life is very rapidly expanding. ICTs have become powerful tools for achieving the goals of development, more quickly more equitably and at less cost. In these areas many other states have moved fast. U.P. needs to catch up. Making available laptops and tablets on a large scale to students, which is what the recent state initiatives have been, could be game changers if these gadgets are put to capacity building uses amongst the young. These can empower the youth and prepare them better for jobs and entrepreneurship.

In recent decades the pace of change has accelerated. It has created many coping problems and challenges. For a heavily populated and economically poor state like Uttar Pradesh, coping and becoming an equal partner in the processes of nation's higher growth rates that are sustainable as also equitable, is much more challenging. Even if more of resources and outlays become available these cannot be converted into real and durable outcomes unless the issues of governance are squarely addressed. The twenty crore people of U.P. look up to the State Government (also Centre) and its organs for high quality performance. It is essential that true and secular democracy that is answerable to people is made a reality.

## CONCLUSION

The investment at the right place notwithstanding, the weakest link for the state still remains its social sector. Health and Education, deserve to be given top priority so that they could make significant impact on the development of the state. In fact,

these two sectors remain most underdeveloped. Poor quality of education and poor health is taking the state further downhill. It will not be exaggeration to say that the state has among poorest quality of education, be it primary or higher education. In most districts particularly in eastern districts of the state, mass copying are arranged in a very planned manner under the direction of education mafia. Such practices have made a mockery of the education system in the state. Similar situation exist in higher education. Most universities have become centers of distributing degrees. There is hardly any compliance of University Grants Commission guidelines of 180 days of class room teaching. The students thus produced are declared unemployable by the recruiting agencies.

One needs to realize that the challenges faced by Uttar Pradesh cannot be faced without a strong political will and a clear vision. It is a matter of political economy of development and in that perspective. The pace of development programmes during last two years provides some glimpse of hope for a better Uttar Pradesh hints toward development paradigm shift, we still need to wait and watch whether such a momentum is sustainable. It will be appropriate to conclude with Abijit Banerjee and Esther Duffalo's observation in 'Poor Economics', "ideology, ignorance, and inertia – the three Is – on the part of experts, the aid worker, or local policy maker, often explain why policies fail . It is possible to make the world a better place What people can positively achieve is influenced by economic opportunities, political liberties, social powers, and the enabling conditions of good health, basic education and the encouragement and cultivation of initiatives."

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