

Impact of State Finances on Human and Infrastructural Development : A Case Study of Haryana

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Abstract

In the present study an attempt has been made to examine the impact of state finances on Human and Infrastructural Development of the Haryana state for the decade of 2000s and it has been found that state finances improved significantly in 2000s (especially in mid of 2000s) but impact of these improvements on the development of human and infrastructure has not been satisfactory. In fact, improvement in some years comes due to increase in receipts and contraction in expenditure policy and in most of the years because expenditure declined more rapidly than decline in receipts. Therefore, there is need of efforts by the state government to incur more expenditure on social and economic services (especially on health, education (especially for females), agricultural development, development of roads & bridges and to improve the quality of capital expenditure.

I. Long-term Trends in Fiscal Aggregates

AN EXAMINATION OF the long term trends of broad fiscal aggregates of Haryana State show the overall situation regarding finances of the state has not been as problematic as by the end of decade of 90s and 2000s (after improved significantly in mid of 2000s). As Figure 1 shows that until the end of 80s, fiscal deficit stayed below 4 percent, primary deficit stayed below 2.5 of GSDP and surplus always lies in revenue account.

Haryana state saw deficit in its revenue account first time in year 1989-90, before that state was enjoying surplus in its revenue account and using these surpluses for the capital formation. The deficit figures peaked in 1997-98 when state government implemented recommendations of Fifth Central Pay Commission at state level and this hold true for all kinds of budget deficits. After that, all deficit figures show a downward trend and state saw

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