Chapter 7

Summary, Conclusions and Recommendations

Section I

7.01 Introduction

When asked about the major determinants of economic development in an international perspective, the average economist, or the World Bank, is likely to point to the important role of human capital formation (Enrich 1996). Human capital in nature encompasses knowledge, information, ideas, skills, and health of individuals. Technology may be the driver of present day modern economic growth especially for the science base sector and advanced economies of the world, but human capital is certainly the energy required to drive the vehicle of modern economic growth (Becker, 2002). Various growth theorists have various approaches to human capital as an important component of economic growth. Both theoretical and empirical researches have substantiated the fact that investment in human capital formation of a country plays a fundamental role in improving the efficiency and productivity of human beings, and through them the various factors that complement and supplement the production process (Barro and Salai-i-Martin, 1995).

Human capital is widely accepted as an important determinant of economic growth and the importance of human capital accumulation is unconditionally acknowledged in the existing exogenous and endogenous

growth theories (Mankiw et al. 1992, and Howitt. 2005). The exclusion and inclusion of different components of the human capital to relate it empirically with other variables such as growth makes it more complex and changing concept. Based on the development models and role of human capital India after independence also struggled for increasing the human capital particularly education component and health component. In this phase of struggle some states of India succeeded but others failed. The government of India has already identified 373 districts as educationally backward out of which 11 districts are in the J&K State (Economic survey 2014).

Among the Indian states Jammu and Kashmir, situated between 320 17′ N and 360 58′ N latitudes and 730 26′E and 800 30′ E longitudes, constitutes the northern most extremity of India The state occupies 19th rank in population, with 125.41 lakh souls as per 2011 census (census report 2011). As per 2011 census, the population density in the state is 124 persons per sq. km of area as against density of 382 persons per sq. Km in India. The state ranks 8th among states/ UTs of the country in thin density of population (Census 2011). Sex ratio of 889 females per thousand males, places Jammu and Kashmir at 29th rank in the country. As per Census 2011, literacy rate of the state was 68.74% with 78.26% male literates and 58.01% female literates. The percentage of urban population to total population was 27.37 percent in 2011 compared to 24.81 percent in 2001 in the state (census 2011). The Sectorial composition of the State income has undergone considerable changes over a period of time. Over the last five decades, the share of primary sector has declined steadily from

28.16% in 2004-05 to 17.83% in 2014-15 and the share of Secondary sector has declined from 28.13% in 2004-05 to 25.53% in 2014-15, while as the share of Services sector has substantially increased from 43.71% in 2004-05 to 56.64% in 2014-15.

If we measure the human capital conditions in the state with different proxy variables it can be said that the education human capital included gross enrolment ratios in all the three categories of primary, secondary and higher has shown an increasing trend. Gross enrollment ratios are more in primary than secondary or higher education. Expenditure on the education has also increased in the state. Availability of institutions in education sector has showed an increasing trend. The proxy variables of health human capital like life expectancy, expenditure on health, hospital availability particularly primary, and man power availability in health sector has also increased in the state. Life expectancy of females is more than males and the state occupies a position among top three states in India. On the other hand death rates, mortality rates and birth rates have decreased in the state. Given the features of Jammu and Kashmir economy this study empirically examines the Human capital and its role in the economic growth of the Jammu and Kashmir economy.

7.02 Review of related studies

The concept of human capital is an old one. Perhaps the first try to define and measure what we now call human capital was Sir William Petty. He believed that labour was the „father of wealth" and that a measure of its value should be included in the estimation of national wealth

(Petty 1690). Cantillon was more interested in defining the costs of maintaining a slave and his offspring than in estimating the value created by human capital (Cantillon 1755). Smith‟s principal aim was not to measure the „value of the stock of human capital‟ but to understand the reasons why there are different remunerations between different occupations. Smith included the acquired and useful abilities of all the inhabitants or members of the society under the idea of capital (Smith 1776). Mill argues that because acquired abilities are costly and make men more productive, they must be treated as capital, thus taking up a position similar to that of Adam Smith (J.S. Mill 1848). Marshall‟s conception of human capital is similar to Mill‟s: „We may define personal wealth so as to include all those energies, faculties and habits which directly contribute to making people industrially efficient‟ (Alfred Marshall 1890; quotations from then 1920 edition). According to Nassau Senior, it may be useful to treat human beings as capital (Nassau Senior 1790–1864). Schultz believes people by investing in themselves, can enlarge the range of choice available to them. It is one way free men can enhance their welfare (Schultz 1961). Nelson-Phelps hypothesis suggested that the rate at which the gap between the technology frontier and the current level of productivity is closed depends on the level of human capital (Nelson and Phelps 1966).

Lucas revealed that the major importance of the educational system to any labour market would depend on its ability to produce a literate, disciplined, flexible labour force via high quality education (Lucas 1988). According to Romer, the bottom line is creation of new ideas a

direct function of human capital, which manifests in the form of knowledge. As a result investment in human capital led to growth in physical capital which in turn leads to economic growth (Romer 1990). Levine and Renelt suggest that regression that displays a positive relationship between human capital and economic growth are not robust to the inclusion of other relevant variables (Levine and Renelt 1992). Jenkins confirmed the finding that investment in human capital increases productivity (Jenkins1995). Barro in his study revealed that an extra year of male upper-level schooling is associated with a 1.2 % increase in per capita GDP growth rate (Barro 1997). Sianesi and Van Reenen concluded that an overall 1% increase in school enrolment rates leads to an increase in GDP per capita growth of between 1 and 3% (Sianesi and Van Reenen 2000). Abbas found human capital to be positively related with economic growth in Pakistan at 1% level of significance and at 5% level of significance in case of Sri- Lanka at secondary and higher secondary level respectively (Abbas 2001).O‟Mahony and Boer in their work Britain's relative productivity performance: Updates to 1999, confirms that the UK continues to lag behind both Germany and France in terms of labour productivity, and this gap is primarily explained by differential rates of investment in both human and physical capital. (O'Mahony and de Boer 2002).Wilson and Briscoe examine the links between educations and training in a country and its macroeconomic growth. From the regression results, it follows that for example a 1% increase in the average level of human capital in the secondary sector yields a direct output growth of 0.076% in this sector (Wilson and Briscoe 2004). Oketch in his study

concluded that the sources of labour productivity growth in the medium term in African nations are high investment in physical capital and in human capital (Oketch 2006). Abbas and Foreman- Peck use the co-integration technique for estimating the effect of human capital on economic growth of Pakistan in the period 1961 to 2003. They found an increasing return to physical and human capital specially in case of investing in health sector (Abbas andForeman- Peck 2007). Haldar and mallik suggest that physical capital investment has neither long-run nor short-run effect but the human capital investment has significant long-run effect on per capita GNP (Haldar and mallik 2009). Mukherjee A.N predict that higher levels of schooling and better quality of workforce will lead to an increase in the growth rate, further strengthening the case for public expenditure on education (Mukherjee A.N 2007). Qadri and Waheed found health adjusted education indicator be a highly significant determinant of economic growth, and recommended the health and education sectors should be given special attention in order to ensure long run economic growth in Pakistan (Qadri and Waheed 2011). Zhang and Zhuang stressed the role of the composition of human capital on regional economic growth .They found more developed provinces benefit more from tertiary education, while underdeveloped ones depend more on primary and secondary education (Zhang and Zhuang 2011).

7.03 Research Methodology

In this study an effort is made to estimate and analyses the growth of human capital and its impact on the economic growth of Jammu and

Kashmir economy. As the causation runs from both ways like human capital and Economic growth it may turn from economic growth and human capital as well. But the present study provides analysis of human capital and economic growth relation. Different scholars used to empirically investigate the relationship between the human capital and economic growth with respect to different sectors and different economies of the world. In this study the relationship is meant for the economy of Jammu and Kashmir.

7.04 Rationale of the Study

In the present globalized world the goal of every nation stands to increase the human capital. India as the country is also in this struggle. Humans being the most important assets of every economy, their increase in abilities and their utilizations remain the important priority of every Indian state. Some states of India succeeded where others failed completely. To analyses the impact of human capital and channels to make it higher and fully utilized remains the important priority of work for scholars. In this study an effort is made for the same purpose in context of Jammu and Kashmir economy. The reasons to investigate the problem in context of Jammu and Kashmir are many. Given the changing role of the government policies for the improvement of the human capital and different strategies laid down, unemployed educated youth, lack of skills and training programs and less efforts of scholars to investigate the same problem in the context of Jammu and Kashmir economy develops interest

in the investigator for the study in Jammu and Kashmir as geographical area.

7.05 Objectives of the Study

The present study has been carried out with the following objectives:

1. Estimate and analyses the growth rate of human capital formation in Jammu and Kashmir.
2. Examine the structure of human capital development in Jammu and Kashmir.
3. Evaluate and appraise the positive impact of human capital development on economic growth of Jammu and Kashmir.
4. Identify the relationship between human capital investment and growth of the Jammu and Kashmir economy.
5. Determine the direction of causality between government expenditure in human capital and economic growth in Jammu and Kashmir.
6. Suggest adequate channels for investment in human capital and its utilization.

7.06 Hypotheses

1. No significant impact of human capital on economic growth of Jammu and Kashmir.

2. Human capital expenditure and Economic Growth of Jammu and Kashmir are independent of each other (Ho: $\beta = 0$)

3. Poor funding by the government is not responsible for the low development of human capital and underutilization of it.

7.07 Sources and methods of data collection

The study is primarily based on the secondary data but to make in depth investigation of the problem the primary survey was conducted and views of stakeholders were analyzed. Secondary data was collected from various official sources which included, official website and reports of RBI, MHRD various annual reports, budgetary reports, various publications and reports of Directorate of Economics and statistics Jammu and Kashmir, department of Economic planning Jammu and Kashmir, department of Education Jammu and Kashmir and department of health in Jammu and Kashmir and Department of planning commission India. For the primary survey the method of data collection used in this study was questionnaire. According to Dana the questionnaire is the principal means for generating data. A questionnaire is a series of questions asked to individuals to obtain statistically useful information about a given topic (Dana 2011). When properly constructed and responsibly administered, questionnaires become a vital instrument by which statements can be made about specific groups or people or entire populations (Dana (2011). The form of questions adopted in this questionnaire was close ended. This means that none of the questions gave respondents the privilege to reveal their motives and express their views. Close ended questions were adopted

"because of the problems of analyzing divergent opinions" (Babbie 2003). The research questionnaire adopted for the study was structured into two segments. The section first was concerned with extracting biographic and demographic data of the respondent; such as sex, age and educational qualifications. Section second consists of questions which were used in testing the hypothesis of this study, related to the nature of respondent's compliance to investment in human capital.

A total of 150 questionnaires were issued out to respondents, which was used to represent the area of study i.e. University of Kashmir, university of Jammu and SKUAST.

7.08 Research Techniques and Methods

In the present study the variables that were used as proxy variables for the human capital included gross enrolment ratios, expenditure on education, expenditure on health, life expectancy, literacy rates, availability of teachers, availability of institutions, availability of hospitals, availability of man power in health sector, death rates, birth rates, life expectancy, mortality rates and medical attention to people. Both Econometric and non-econometric tools were used to make the relevance of the study meaningful.

For the estimation of growth rates percentage methods and CAGR methods were used. Regression analysis was also used in the study by building a simple model by taking gross state domestic product as

dependent and proxy variables like expenditure on education, health and enrolment ratios of primary, secondary and territory for human capital as independent. The OLS method was used for estimation. Granger Causality methodology was used to determine the direction of causality between government expenditure and national income. Before conducting Granger causality tests, variable must be found stationary individually or, if both variables are non-stationary, they must be co -integrated. This means that the test for stationary and the co- integration test must precede the Granger causality test. We use the Augmented Dickey Fuller (ADF) test due to Dickey and Fuller (1979, 1981)

For primary data the response from the respondents were analysed by using percentages, graphs and charts. For the hypothesis testing the statistical method used for data analysis and description of the responses was the chi-square.

7.09 Limitations

The study has a limited scope for defining the proxy variables for human capital. The inclusion and exclusion of proxy variables makes the study limited to certain specific variables. The study has limitations, of course, related, in a great part, to the measurement of the education human capital and health human capital and the channels through which it influences the economic output. The limitations of the relevant statistical data for analyzing the effect of the health and education status on the economic growth are a great barrier to draw further investigations on this relationship. Limited data means limited reports presented for certain

variables and limited information as well. In this view, further research is needed to identify relevant statistical variables or construct data sets and explore their capacity to reflect the health status of the active population, etc.

7.10 Chapter Scheme

The thesis is divided into seven chapters. Chapter one deals with introduction. Chapter two presents literature review of the study. Chapter three presents the profile of Jammu and Kashmir economy. Chapter four deal with estimation and analysis of the growth of human capital in Jammu and Kashmir. Chapter five provides human capital as the determinant of economic growth: An Empirical Analysis. Chapter six deal with human capital formation a Stake holder perception. Chapter seven deal with summary, conclusions and policy recommendations.

7.11 Findings of the study are as under

Based on the estimations, perusal of year to year growth rates of expenditure on education from the time period 1995-96 to 2015-16, it exhibits quite fluctuating trend. The growth was highest in 2009-10 accounted for 34.80 %. The compound average growth rate of the expenditure on education stood at 12.46 % and remained significant.

As far as the expenditure on education as a percentage share of total expenditure of the state is concerned it shows negative trend in most

of the years. The compound annual growth rate of the expenditure on the education as a percentage share of the total expenditure was 1.01% and was significant. The CAGR of the expenditure as the percentage share of the GSDP was 0.7 % and was significant.

The pupil teacher ratio in primary was highest in 2001-02 accounted for 34 and lowest 13 in 2004-05. In upper primary it never goes beyond 20 and in secondary the ratio was 16 highest in maximum years. In all schools the highest ratio was in the year 2007-08 accounted for 23. The estimated compound annual growth rates stood for -1.30, -3.69 and -2.51 % for secondary, upper primary and all schools pupil teacher ratio.

The institutions in the category of the primary schools in the state have increased from the number 11237 in 2006-07 to 15245 in 2011-12. Similarly the upper primary has increased roughly from 5313 in 2006-07 to 10995 in the year 2011-12. The establishment of the schools in secondary has also increased from 1511 to 4757 in 2013-14. The primary institutions are more as compared to upper primary and secondary in the state. The compound growth rates of the institutional availability of primary; upper primary and secondary in the state stood at 5.19, 15.34 and 11.94 % respectively and were significant.

The Gross enrollment ratio at the primary level was 86.32 in 1995-96. It increased to 100.49 in 2005-06 and stood at 103.09 in 2006-07. The gross enrollment ratio at primary level stood at 117.25 in 2009-10. The year with highest gross enrollment ratio was 2011 accounted for 119 and

the year witnessed with lowest gross enrollment ratio at primary level was 2002-03 accounted for 71.52.

As far as the year wise estimated growth rates of primary enrollments are concerned it was -8.07% in the starting period of 1996-97 and reached to 8.49% in 1998-99. The growth rate again decreased and stood at-15.25%in 2003-04. From 2004-05 the growth rate of the gross enrollment ratios started increasing from 17.66% and reached to 20.23 % in 2005-06 but decreased again to -2.46% in 2007-08. The growth rates of the gross enrollment ratios at the primary level shows a quite fluctuating trend in the state. The growth rate was highest in the year 2005-06 stood at 20.03%. The estimated annual compound growth rate of the gross enrollment at the primary level stood at low of 0.46 % and was significant.

The gross enrollment ratios at the secondary level increased from 16.3 in 1995-96 to 42.24 in 2001-02 but started decreased to 33.38 in 2002-03. The gross enrollment at secondary level stood at 41.14 in 2007-08 and reached 52.8 in 2011-12. The gross enrollment ratio was highest in the year 2010-11 stood at 53 but reached to 49.21 in 2015-16.

The year to year wise growth rate of the secondary gross enrollment ratio estimated depicts that it was 15.95% in 1996-97 and decreased to -8.51 % in 1997-98. The highest growth rate of the gross enrolment ratio at secondary level was reported 44.01% in the year 1998-99. The estimated compound annual growth rate of the gross enrolment ratio at secondary level stood at 0.69 % and was significant.

As far as the higher education gross enrollment in the state are concerned they are quite low in fact the gross enrollment ratios have never gone beyond 27. The gross enrollment ratio in higher education was 1.89 in the year 1995-96 and reached to 3.27 in 2000-01. From the 2001 the gross enrolment ratios started increasing and reached to 10.36 in 2008-09 and absolutely 18.2 in 2009-10. Gross enrollment reached to 23.7 in 2011-12 and stood at 26.39 in 2015-16.

The year to year growth rates estimated for the gross enrollment ratio of the higher education in the state revealed that it was 6.34% in the year of 1996- 97and increased to 20.95 in 1998-99. The highest growth rate recorded was 53.15% in 1999- 2000 and decreased dramatically to -3.058% in 2001-02. The growth rate stood at 0.73% in the year 2015-16. The estimated compound annual growth rate stood at 0.46 % in the higher education and was significant.

Although, the literacy rate of the state is well short of the rate recorded at the national level, yet figures reveal that the rate of increase in the literacy in the state is faster than at the national level. During 1961-2011, while the literacy rate in the State increased by 58 points, it recorded increase of 46 points at the national level. Category-wise also, the rate of increase in literacy percentage both among males and females is better in the State than the country.

As for as the absolute values are concerned the total expenditure on the health stood at 146.493 in the year 1995-96 and went to 383 in

2000-01. As far as the CAGR are concerned it accounted for 12.97 % and was significant at five percent level of significance.

The year to year wise growth rates of the expenditure on the health as a percentage of the total expenditure was -17.07 % in the year 1996-97. The highest growth rate was in the year 1998-99 accounted for 22% followed with 20% in 2006-07.The estimated CAGR of the expenditure on the health as a percentage of the total was 1.62 % and was significant.

The growth rate of the expenditure on the health as a percentage share of the gross state domestic product was negative in the last five years except in the year of 2013-14 and 2015-16 accounted for 9.10% and 20.1% respectively. The estimated CAGR of the expenditure on the health as percentage of the gross state domestic product was 2.09 % and remains significant.

The highest growth rate of availability of man power in the state was seen in the year of 2011-12 accounted for 16.81%.The CAGR of the availability of the man power in the state was estimated 0.925 % and was insignificant. The possible idea is simple that growing demands of the population are not met with the existing manpower of the state in health sector.

The availability of the health centers in total number has never crossed the 4000 units. The availability of the district and sub district hospitals out of the total was increased to 120 units in 2013-14 which were 111 units in 2001-02. The total availability of the primary health centers

were 361 units in 2001-02 and increased to 388 and 394 units in 2003-04 and 2004-05. The primary health centers were 408 units highest in the year of 2012-14. The estimated CAGR for sub-district and district hospitals were 0.23 % but insignificant. The estimated CAGR for primary health center were estimated 0.92 % and was significant.

The availability of the ayurvedic institutions in the state were 433 units in the year of 2001-02 and decreased to 423 units in 2014-15. The growth of total institutional availability was 1.90 % in the year 2004-05 and 1.49 % in 2008-09. The estimated CAGR was 0.46 % and was significant.

As far as the medical attention received by mothers at delivery is concerned it is increasing from 2006. The attention was 48% in 2006 and it reaches to 64% in 2009 and 74.1% in 2011. However the attention is received more in urban areas than in the rural areas. The attention is touching 100% in urban areas where as its one third in rural areas.

As far as the death rates of the state are concerned it accounted for 5.4 in the year 1998- 99 and increased to 6.3 and 6.2 in the year 1999-00 and 2000-01. The death rate has decreased to 5.3 in 2013-14. The death rates were highest in the year1999-00 accounted for 6.3 and lowest were 5.3 in the year 2013-14.The natural growth rate of the state was 14% in 2001-02. The growth rate accounted for 13.5% in 2002-03 and 12.8% in 2006-07. The estimated growth rate was 12.2% in the year 2013-14.

Total life expectancy increased from 69.8 in 2004-08 to 72 in 2009-13. Life expectancy for male in the respective time period increased from 69 to 72.4 and for female life expectancy increased from 70.6 to 74. On average the total life expectancy increased followed by increase in the male as well as female life expectancy.

One important analysis is that the life expectancy is more for females in the state than the males. In the recent data of India the state of Jammu and Kashmir has left behind the Kerala in the life expectancy. The state is doing well as for as the life expectancy is concerned.

From the analysis it was found that the average life span has increased over the years in the State which reveals decrease in death rate and improvement in the quality health services that leads to increase in the health human capital.

The total rural infant mortality was highest in the year 2006-07 accounted for 54.4 and lowest was 38 in 2013-14. As far as the infant mortality total in urban is concerned it remains low than rural in total and by sex as well. As far as the infant mortality in urban by sex is concerned it was 33.6 in 2001-02 for males and reached 27 in 2013-14 while as for females in urban the mortality was 26 in 2001-02 and reached to 28 in 2013-14.

The child mortality was 13.1 in rural areas in 2006-07 and decreased to 11 in 2010-11. In the urban areas the mortality was 8.5, 8 and 8.6 in 2006-07, 2007-08 and 2008-09 but increased to 11 in 2010-11.The

TRF level is also better in the State when compared with the national average which stood at 2.5.

In the estimation of the impact of human capital on economic growth we found a powerful effect of educational attainment on economic output. We could explain the evolution of GSDP per capita in proportion of 87% through the dynamic of the stock of human capital in the economy, considering all other factors as constant.

The estimated coefficients both were positive which indicated that the stock of education human capital contributes to economic growth positively. The estimated coefficient revealed that a one unit increase in the gross enrollments of higher education will increase the GSDP per- capita with 366.29 units and a one unit increase in the secondary enrolment will increase GSDP with 471.888 units. The more important fact was both the variables were statistically significant and hence confirms the results that education human capital had positive and a significant impact on the economic growth of Jammu and Kashmir economy.

The results of applying the regression model show that the model of health human capital is statistically validated. According to the results we could explain the evolution of GSDP per capita in proportion of 86% through the dynamic of the stock of health human capital in the economy, considering all other factors as constant.

The estimated regression coefficients revealed that one unit increase in the primary health Centre availability will increase the GSDP

per-capita with 175.748 units and a one unit increase in the Expenditure on health as percentage of GSDP will increase GSDP per-capita with 1854.418 units. The model shows a positive relationship between health human capital and economic growth.

A correlation coefficient was calculated for life expectancy and expenditure on health and it was found that the correlation coefficient was .78 confirms the results that expenditure on health though showed positive effect on economic growth can also increase life expectancy. Higher life expectancy then will result to increase the productivity and hence growth.

The human capital, in its two components has a strong effect on the economic output. The estimated coefficient of the life expectancy indicates that an extra unit increase in the life expectancy would increase the GSDP per-capital by1759.629 units.

From the result of granger causality test, in case of expenditure on health and per-capita domestic product their exists bivariate causality while in case of expenditure on education causality runs from expenditure on education to per-capita domestic product.

In view of above findings it can be inferred that increasing expenditures on health and education will improve the domestic product figures in the long run. From the analysis its clear when income of population increases then there would be a definite desire to educate the children.

Based on the views of the respondents it can be concluded that poor funding by the state government is responsible for low development of human capital and its utilization.

The efforts of the respective government towards human capital have not made significant impact on labour efficiency because of the fact that both the curriculum and the skills that are imparted are not absorbed in the market.

Respective effort of the government has failed to channels the resources of human capital for the improvement of the growth of the economy. The gap of infrastructure between the institutes is increasing in the state.

The Labour efficiency of the students has remained underutilized and no efforts are made to increase the efficiency by increasing the production through diverting the human capital in industrial sector or service sectors due to that the alarming brain drain may be faced in the future.

7.12 Recommendations

The study recommends that substantial amount of government budgetary allocation be directed towards the education sector. The attention of government to increase the standard of education in Jammu and Kashmir is strongly recommended. Increase in the gross enrollment ratios should be taken as a mandatory step especially at the primary and at

higher levels. Better incentives and policy schemes to increase the enrollments is recommended.

In the Integrated education system decentralized system must be followed to increase the gross enrollment at primary and at secondary level in order to halt dropout rates. Mid-day meal schemes and other scholarships with good infrastructure must be laid down to increase the enrollments at all levels.

In order to stimulate the economic growth it is important to support the development of the tertiary education and to invest in its quality. A stronger connection of tertiary education with research and development is needed to stimulate the component of scientific research of the academic activities. Higher education must be integrated with the industrial sector to make it job oriented. Higher education must contribute more but given the bulk of unemployed educated youth the utilization of the resources particularly human capital remains underutilized.

Introduction of skill oriented courses at secondary and higher level must be the policy goal of education.

Increase in the manpower in the education sector must be increased. Financing of the education should be made efficient in order to gain from the education expenditure in the state.

The government has been successful in increasing the institutional availability in the state but such availability in rural areas is strongly recommended.

Following the findings increase in the spending of the government for the health sector must be increased.

Another policy implication of the study is that the rural urban gap in receiving the medical attention must be minimized. The main suggestions in the area are to increase the rural infrastructure in order to increase the attention. Increase in the transportation and institutional services are important and strongly recommended. The implementation of basic awareness programs must be increased.

An increase in the investment in health care will lead to the raise of life expectancy and of the healthy years of the population so policy measures are needed to carefully monitor the efficiency and the effectiveness of the public spending in health.

In order to increase the economic growth the advancement in health sector must be met. The direct effect of health spending on income of the persons can be realized more quickly if the spending for health care is more in the form of increasing technologies and man power in health sector.

Direct links with other health institutes with the rest of the states of the country must be integrated to meet such technologies which the citizen feels a burden to afford.

The primary health care must be increased in the areas where it is missing. Increasing primary health care will lead to increase in the productivity of economy. Increasing primary health care must be making

efficient as it will reduce the burden regarding day to day health problems by reducing the transaction costs.

Rural health care system must be integrated with the urban in more efficient way by increasing the infrastructure.

Finally the most important is to watch guard the imbalances between the rural and urban. A system is needed to minimize the rural and urban gaps in education and health. Government needs to increase the efficiency of education or privatize it in order to reduce the efficiency gap in between the students in private institutes and government institutes. The basic infrastructure gap between the systems may increase the inequality even more in future. Because the poor people and their kids are in government schools managing study in less infrastructure and failed to compete in the market in future with the students who got education in efficient infrastructure build schools. For them education is only weapon to explore possibilities. Scholarships for the deserving candidates must be increased.

The curriculum should be changed from less matched with market requirements to more matches with market requirements. The problem is not of the Human capital only but of the Market unable to provide jobs. Job creation rather than other policy is the need of the hour in the economy of Jammu and Kashmir.