



AN STUDY ON PUBLIC EXPENDITURE ON SOCIAL SECTOR IN TAMIL NADU FROM 2001-2002 TO 2017-2018

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ABSTRACT

This paper attempts an analysis of social sector expenditure in Tamil Nadu. It is increasingly realized that the Human Development is a function of growth in Social Sectors Expenditure. Expenditure in social services creates entitlements for the people and the poor people are the largest beneficiaries when there is more investment on primary education, health and sanitation facilities. We outline the social quarter as the full of expenditure on 'Social Services' and 'Rural Development' as given in Central and State budgets. This have a look at makes an try to analyse the state of human improvement index and public spending on social region throughout the States of India. The researcher used secondary data for analytical purpose. Secondary data, which are not originally collected but are rather obtained form already published or from other unpublished. sources. The data were collected from various issues of statistical hand book of Tamilnadu and State finance-Study of budgets from the Reserve Bank of India.

Key words: Education Expenditure Health Expenditure, MDG, Social Services, and Sanitation

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1. INTRODUCTION

The authorities perform a very big part inside the growth of the social Sector. Tamilnadu sets a model for other states in India in the social sector progress. Unless periodical asseement

complete, the real require of the society would not become known. In a dynamic economic system journal review become extremely significant as they would help us to review and adjust the policies according to the changing needs of the time. It is more and more realized that the Human Development is a function of development in Social Sectors Expenditure. Growth is practically impossible to achieve in a specified period of time without there being an sufficient budgetary provision to different social sectors to provide the essential facilities, such as, Education, Health, Expenditure on Social services includes expenditure on education, sports, art and culture, health, water supply, sanitation, welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes etc. Expenditure in social services creates entitlements for the people and the poor people are the main beneficiary when there is additional investment on primary education, health and sanitation facilities. The main reason for the early abandon of the subject of public expenditure seems to be that the amount of public expenditure was very small as the field of governmental activity was restricted. In new times, public expenditure has increased extremely. The major cause is that the functions of the state have increased various. Unlike the past when the state was considered as a „police state“, now the state is regarded as a welfare state which is concerned with promote the welfare of its citizens. It define the social sector as the total of expenditure on ‘Social Services’ and ‘Rural Development’ as given in Central and State budgets. The head ‘Social Services’ includes, among other things, education, health and family welfare, water supply and sanitation. Social sector expenditure is a key in tool for the development of the country. Researchers have made numerous attempts together at national and global level to address the issue that whether social sector expenditure can be involved for sustainable economic and social development to achieve different developmental goals (Millennium Development Goals) by influencing the wellbeing of people. Public spending on social sector is known consequence for at least two reasons. First, the extent of deprivation in the developing countries is too large to be left to market forces alone to take care of sufficient expenditure required for human development. Second, the poor utilizes government services as compared to richer households. This study makes an attempt to analyse the state of human development index and public spending on social sector across the States of India.

2. SOCIAL SECTOR EXPENDITURE IN TAMIL NADU

The social sector expenditure made by the state government is an important activity because of the fact that it brings equality among the people in the society. States like Tamilnadu in India has better social sector expenditure for the purpose of upliftment of the people especially poor. The non availability of standard medical facilities, drinking water, education, housing facilities to the poor people in particular and the common public in general is the matter of great concern. Social development paves the way for not only social development but also economic development. Many social sector activities are come under the purview of the state governments, but they get funds for the same from the central government. Tamil Nadu sets a model, for other states in India, in the social sector development. It may be due to that in the initial stage huge investment are required to develop the social infrastructure and later on the share may be reducing but at the same time it should satisfy the needs of the people. Tamil Nadu is the pioneer in the social sector development. So it is derived that more financial burden was incurred by the state government.

3. STATEMENT OF THE PROBLEM

The discussion of the preceding section suggests that the spending on social sector is critical since it inclines to benefit the poor relatively more than the rich and at the same time it helps in formation of human capital in the economy, which can produce direct effect on growth and indirect spill over benefits for the rest of the economy. In the case of most of the Indian States,

including Tamil Nadu, public expenditure on the social sector assumes importance on three ground. First, the extent of hunger and deprivation in the developing and under developed countries usually is too high, and the market forces cannot tackle the problems alone.

4. IMPORTANCE OF THE STUDY

It is clear from the definition of the social sector that the level of development of this sector directly affects the level of human development of a region or a country. However, the social sector can play an important role in affecting the rate of economic growth as well. As the development of the social sector starts, quality of life will improve, leading to quality human capital that leads to higher labour and other factor productivity.

5. AREA OF THE STUDY

Tamil Nadu is one of the most progressive States in the country in both economic and social development. It has been ranked one among the top three or four States in many economic and social indicators. Currently, it ranks first in credit deposit ratio and number of factories, second (largest) in size of economy (Rs. 11620 billion in 2017-2018), third in industrial (output) development and fifth in terms of per capita income among the major Indian States.

6. OBJECTIVES OF THE STUDY

- To study the growth of various items of social sector expenditure in Tamilnadu during the study periods
- To analysis various factors determining the social sector expenditure.
- To give suitable policy decision for effective management of social sector expenditure.

6.1. Period of the study

The period of the study covers 17 years from 2001-2002 to 2017-2018.

6.2. Methodology

The researcher used secondary data for analytical purpose. Secondary data, which are not originally collected but are rather obtained form already published or from other unpublished. sources. The data were collected from various issues of statistical hand book of Tamilnadu and State finance-Study of budgets from the Reserve Bank of India.

6.3. Statistical Tools

In order to analyze the objectives of the study related to the growth in the public health different sectors along with pattern and trends in public expenditure from 2011-2012 to 2017-2018 in Tamil Nadu. The following statistical tools have been employed in accordance with the objectives to derive the results have been employed. Among other techniques employed in the analysis, tabular analysis technique was used. Ratios, percentages and averages were worked out.

a) Growth Rate

$$\text{Simple Growth Rate} = \frac{\text{Ending Value}}{\text{Beginning Value}} - 1$$

b) Compound Annual Growth Rate

$$CAGR = \left[\left(\frac{EV}{BV} \right)^{1/n} - 1 \right] \times 100$$

Where

EV = End Value

BV = Begin Value

N = Number of years

6.4. Limitation of the Study

- The present study analysed the social services expenditure of Tamilnadu only
- The study had been restricted to a period of 17 years only; that is, from 2001-2001 to 2017-2018 and during this time there had been no major changes in the policy pursued by the Government.
- The study had aimed to study the social sector expenditure in Tamil Nadu. No attempt had been made to make any comparative analysis of Tamil Nadu experience with the experiences of the other countries.

7. ANALYSIS AND INTERPRETATION OF DATA

Table 1 Social Sector Expenditure in Tamil Nadu (In Crores)

Year	Social Sector Expenditure Tamil Nadu	Percentage share of Total Expenditure	Growth Rate	All States and UTs	Growth Rate
2002-2003	9662.3	7.23		133647.9	
2003-2004	11585.6	7.93	16.60	146164.3	8.56
2004-2005	13616.6	8.30	14.92	164076.7	10.92
2005-2006	14297.5	7.55	4.76	189429.8	13.38
2006-2007	16921.2	7.59	15.51	222988.2	15.05
2007-2008	19994	7.53	15.37	265466.5	16.00
2008-2009	26889.7	8.11	25.64	331538.2	19.93
2009-2010	29345.3	7.45	8.37	393936.2	15.84
2010-2011	34493.2	7.63	14.92	451937.1	12.83
2011-2012	41896.6	8.00	17.67	523569.3	13.68
2012-2013	46753.2	7.75	10.39	602942.7	13.16
2013-2014	55117.9	8.12	15.18	679201.1	11.23
2014-2015	62757.9	7.56	12.17	830055.8	18.17
2015-2016	70057.8	7.23	10.42	968936.4	14.33
2016-2017	69689.3	6.18	-0.53	1128188.3	14.12
2017-2018	71792.6	5.98	2.93	1200934.1	6.06
Average	37179.41	7.51	12.29	514563.29	13.55
Maximum	71792.6	8.3	25.64	1200934	19.93
Minimum	9662.3	5.98	-0.53	133647.9	6.06
CAGR	13.35			14.7	

Source: Budget documents of the state governments, Reserve Bank of India.

* It includes Revenue expenditure and Capital expenditure.

Note : Data from 2017-2018 onwards include Delhi and Pondicherry.

Table 1 reveals that social sector expenditure in Tamil Nadu that expenditure peaked in 2017-2018 at Rs.71792.6 crores and hit a trough in 2002-2003 at Rs.9662.3 crores, the first year of the period under study. It increased 7 times. The average expenditure was Rs.37179.41 crores although the maximum expenditure Rs.71792.6 crores and the minimum expenditure was Rs.9662.3 crores and such types of movement reveals a 13.35 per cent increased as per the result annual compound growth rate analysis. Similarly social sector expenditure growth rate in the beginning in the study period was 16.60 per cent; it increased to ever highest growth rate financial year 2008-2009 of 25.64 per cent which was substantial decreased to 2.93 per cent in 2017-2018 which is low than average growth rate of 12.29. The social sector expenditure has maintained an increasing trend during the study period. The table also reveals that an increase in expenditure on social services had led to more or less a proportionate increased expenditure on social services. However, expenditure on social service has increased in all but one year, viz., 2016-2017; while in 2015-2016 it was Rs.70057.8 crores; in 2016-2017 it was Rs.69689.3 crores. It is clear from that whole expenditure of health services is a leading component of total developmental expenditure which account for 7.23 per cent of total expenditure in initial period 2002-2003 and it decreased 5.98 per cent in 2017-2018. The highest percent recorded 8.30 per cent 2004-2005. There has been striking increased in total social sector expenditure in all states and UTs in nominal terms from Rs.2002-2003 to 2017-2018. It increased 9 times that is, from Rs.133647.9 crores in 2002-2003 to Rs.1200934.1 crores in 2017-2018 showing a growth of 14.7 per cent as per the result annual compound growth rate analysis. The average expenditure was Rs.514563.29 which maximum expenditure was Rs.133647.9 crores as against lower expenditure was registered during study period 2002-2003 which is Rs.133647.9 crores. As for as all states total social sector growth rate is concerned it increased all the year with some fluctuation and finally stood at 6.06 per cent which is very low per cent as compared with annual average growth of 13.55 per cent.

8. POLICY IMPLICATION

- An increase in social sector expenditure should be considered as one of the priority to promote efficiency in growth and development. Budgets are recommended to be adequately allocated to provide support to policies and programmes necessary to achieve growth and development of the country.
- Money can be spent on alternative job opportunities to the landless agricultural labourers, marginal farmers and small farmers during their off seasons. New schemes should be planned and amount can be allotted accordingly.
- Periodical inspection of various schemes and programmes under social services should be carried out. The out dated and ineffective schemes should be eliminated from the programmes. It helps to modify the existing one into new one thereby social sector expenditure can be modified.
- The government can consult with the expert committee before preparing the budgets with regards to social services expenditures.
- The study also looks at the composition of social expenditure where it shows that States' share of capital expenditure in total social sector expenditure is improving over the years although its share is very small as compared to the share of revenue expenditure.
- There is an urgent need for stepping up Expenditure on Social Sectors, particularly on Rural Health Services and Rural Water Supply Programmes, because the present levels of expenditure on these services are very low and they are very effective in improving the health conditions of people.

- Public health sector spending by the central and state governments are low. Further health sector spending as percentage to GDP is also low so there is need to more public health expenditure. The higher allocations constitute necessary condition for this social sector for the development of India. The sufficient condition demands that the funds allocated must flow into desired channels through good governance and effective implementation.

9. CONCLUSION

To conclude, a number of observations can be made. In this research study an attempt has been made to analyse the relation between social sector spending and human development at state level of Tamil Nadu. The amount allotted under plan and non plan categories under capital account greatly change and for some expenditure there is no amount allotted under non-plan category in the same account. However, there is an increasing trend in general in the revenue account over the study periods. As percentage of GDP and aggregate government expenditure, the picture is mixed. The question that immediately arises is whether the expenditure levels should be considered as high or low. The study also looks at the composition of social expenditure where it shows that States' share of capital expenditure in total social sector expenditure is improving over the years although its share is very small as compared to the share of revenue expenditure. An increase in social sector expenditure should be considered as one of the priority to promote efficiency in growth and development. Budgets are recommended to be adequately allocated to provide support to policies and programmes necessary to achieve growth and development of the country.

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