

## External Stimulus to Social Sector Expenditure in India: An Interstate Analysis

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### ABSTRACT

*This study is an attempt to examine the nature and trend of social sector expenditure (SSE) of India under the effect of some external stimulus namely; the Millennium Development Goals (MDGs) and Sustainable Development Goals (SDGs) including education and health as two important components of social welfare. By using state-wise data on social sector expenditure, the regression-based trend analysis revealed that the trend under revenue account from 2000-2001 to 2018-19 had been increasing steadily with some fluctuations during the middle years whereas, the capital account fluctuated more frequently on a yearly basis. There had been greater ups and downs in the amounts of this account during the study periods. On examining the data divided into four phases it was found that there is no such significant impact of MDGs on social sector expenditure among sample states of India. However, a significant increase in social sector expenditure on sample states is being recorded after the implementation of SDGs. It also reflected that MDGs as external factors enhance accountability but not significantly stimulated social spending, particularly in the education and healthcare sector, while the impact of SDGs is found to be significant. In the wake of increasing disparities in social expenditure and outcomes, this study will uniquely provide an academic platform for a comparative study of low, medium and high-performer states in India.*

**Keywords:** Social sector, MDGs, SDGs, Poverty, Welfare, Revenue, Expenditure

**JEL Classification Codes:** I3, H5

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### I. INTRODUCTION

Social sector refers to that capital stock and to those of the institutions which provides services to the producers indirectly. As a result of such services, the productive capacity of the people would increase. A sound mind and a sound body are as essential for an economic change as the machines or the tools that are involved in the process of economic development. To a significant extent, a good mind is a gift of Nature, but the possibility of developing a good mind and a good physique through good education, good training, good housing and good medical care by human efforts could not be under estimated. The significance of the social sector in the form of schools, colleges, hospitals and housing facilities which served as the basic elements for human growth in terms of a robust physique and a dynamic brain became very important in this respect.



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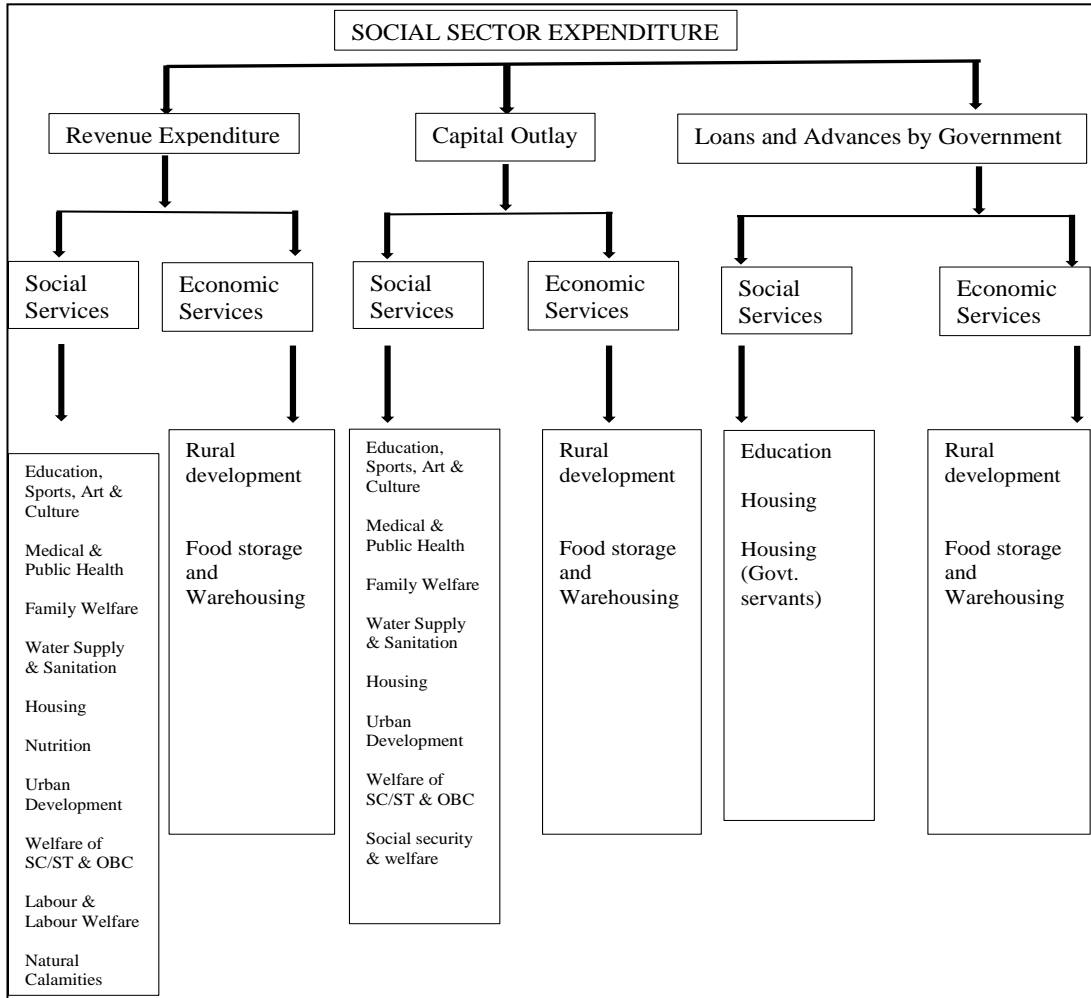
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There were several components in the social sector namely; education, medical facilities and public health, family welfare, water supply and sanitation, housing, nutrition, urban development, welfare of backward and minority groups, labour welfare, natural calamities, rural development, food storage warehousing and such others. The following figure shows the components of social sector expenditure in India.

**Figure-1: Components of Social Sector in India**



Source: Compiled from RBI bulletin, 2018 and Economic survey of India, 2018

Generally, we define the social sector expenditure as the total expenditure incurred on social services, rural development, food storage, and warehousing as given in central and state budgets (Dev, 2003). The heads under social service includes education, healthcare, and family welfare, water supply and sanitation, housing, rural development, labour, and labour welfare, development of SC/ST and OBCs, social security & welfare, nutrition, and natural calamities (Economic survey of India, 2015). All these social sector expenditures are classified into two categories. First, there are social and economic overhead expenditures that have the larger objectives of broadening social opportunities and improving the outcome of social indicators like education, healthcare, and nutritional standards of the overall population. Second, some programs are primarily meant to alleviate poverty. Apart

from self-employment generation programs for the rural and urban poor, there are specific health and nutritional programs for women and children, which mainly target the poorer segments of the population.

Spending on social services like education, healthcare and social security is essential for the development of human capital which in turn generates growth in the long term. Social expenditures, especially social security or safety nets protect the disadvantaged sections of society from the adverse impacts of economic crises and slowdowns, and help in reducing income inequalities. There is a positive correlation between the social sector expenditure and the development of individuals and society. The social sector expenditures have positive externalities and enhance the living standard and wellbeing of people as individuals and the society as a whole.

There is a continuous increase in expenditure on planned social sector outlay. During the sixth five-year plan (1981-86), the planned spending on social sector outlay was Rs 140.35 billion, 14.4 per cent of the total plan outlay. During the seventh five-year plan in 1985-90, the planned outlay on social sector expenditure increased to Rs 315.45 billion, 17.5 per cent of the total plan outlay. During the eighth five-year plan (1992-97), the total outlay on social sector expenditure increased to Rs 790.12 billion, 18.2% of the total plan outlay. In the ninth five-year plan (1997-02), the outlay increased to Rs 1,832.73 billion, 21.3 per cent of the total plan outlay. In the tenth five-year plan (2002-2007), the total outlay on the social sector increased to Rs 3,473.91 billion, which was 22.8 per cent of the total plan outlay. During the eleventh five-year plan, the total outlay on social sector expenditure reached Rs 11,023.27 billion, 30.2 per cent of the total plan outlay. During the twelfth five year plan, the total outlay on the social sector reached Rs 26,648.43 billion, which was 34.7 per cent of the total plan outlay. In the data cited above, we have seen that in the sixth plan (1981-85), the social sector expenditure outlay was 14.4 per cent, which was more than doubled during the twelfth plan (2012-17) to 34.7 per cent.

In FY 2021-22, according to the Economic Survey of India, in the budget estimate (BE), the total expenditure on the social sector rose to Rs 71.61 lakh crore from Rs 65.24 lakh crore in the budget estimate for 2020-21, which is 9.8 per cent greater than the total expenditure. From this allocation, Rs. 6.97 lakh crore was spent on education, Rs. 4.72 lakh crore on health and Rs. 7.37 lakh crore on other social sectors. According to the BE of 2020-11, the social sector expenditure was Rs 65.24 lakh crore. Rs. 6.21 lakh crore was allotted to education, Rs. 3.50 lakh crore was allocated to health and Rs. 6.63 lakh crore on other social sector expenditures. India still lags behind many countries in social security expenditure, excluding the health sector.

For example, France spent almost 31 per cent of its GDP in the social sector in 2019; the Scandinavian countries almost spent 25 per cent of their GDP in the social sector. To attain sustainable development goals, which define 17 developmental goals, we must focus on social sector development and its proper implementation.

A look at the social sector expenditure over the last few years shows that the share of education as a percentage of GDP has been stagnant around 2.8 to 3.00 per cent during 2014-15 to 2019-20. In the case of health, the expenditure as a percentage of GDP increased from 1.2 per cent to 1.5 per cent. This is lower than the required 2.00 to 3.00 per cent of GDP. There seems to be an increase in expenditure on "other" services like sports, art and culture, family welfare, water supply and sanitation, labour and labour welfare etc. The expenditures are inadequate in comparison to the problems in the sector. India's social sector in general, and

health and education in particular, encounter significant regional, social and gender disparities, slow growth in public expenditures and problems in delivery systems.

The biggest challenge faced by social sustainability in India is with regard to the fiscal measures. The increasing vulnerability in fiscal status due to increasing Current Account Deficit and high Fiscal Deficit, are limiting public spending on social development. Social enterprises function as the bridge between social development and businesses. There has been growing recognition and creation of social enterprises to address the pressing social challenges. Social enterprises have the potential to extend India's growth story to the poor and deprived communities. However, such organisations lack adequate finances. The deployment of CSR funds is concentrated to industrial regions mainly; some states and some sectors. The reasons for this lie in the weak regulatory framework, lack of commitment towards environmental conservation, market pressures and minimal consumer awareness.

India is a signatory to the Millennium Declaration adopted at the United Nations General Assembly in September 2000, and has consistently reaffirmed its commitment towards the eight development goals. The targets of the MDGs converge with India's own development goals to reduce poverty and other areas of deprivation. India has witnessed significant progress towards the MDGs, with some targets having been met ahead of the 2015 deadline, however progress has been inconsistent. For instance, while India, according to official national estimates, has achieved the target for reducing poverty by half, it is falling short of achieving the target for reducing hunger. The country has achieved gender parity in primary school enrolment yet it is lagging behind on targets for primary school enrolment and completion. India has made progress in providing clean drinking water however; access to sanitation facilities remains inadequate. The Millennium Development Goals influenced Development policy formulation and planning globally. Along with bringing critical development challenges to the forefront, they also provided countries with a strong target-oriented agenda. While India has been moving in the right direction in some areas, there is still work remaining in the others. This is therefore an opportune moment to incorporate the lessons learned from the MDGs, into the sustainable development goals and build upon the unfinished MDG agenda. Subsequently, the Government of India is strongly committed to the 2030 Agenda, including the SDGs. Where, Basu (1995) attempted to estimate the rationality in the decision-making procedure regarding public expenditure decision making process. Dev et al. (2002) tried to draw out the role of the various influencing factors on the decision-making process by the central government following the budget speeches of the finance ministers over a time period. These studies have primarily used information collected from the decision makers at various hierarchical levels. In the present study, the role of the various factors is examined by analyzing the allocation patterns across the states and within a state over a time period.

In addition, the Ministry of Statistics and Programme Implementation (MoSPI) has been leading discussions for developing national indicators for the SDGs. State governments are key to India's progress on the SDG agenda and several of them have already initiated action on implementing the SDGs. State governments are key to India's progress on the SDG agenda as they are best placed to 'put people first' and to ensuring that 'no one is left behind'. Many of the Government's flagship programmes such as Swachh Bharat, Make in India, Skill India, and Digital India are at the core of the SDGs. State and local governments play a pivotal role in many of these programmes. The role of local governments is equally important; 15 of the

17 SDGs directly relate to activities undertaken by local governments in the country. State governments are paying keen attention to visioning, planning, budgeting, and developing implementation and monitoring systems for the SDGs.

## II. THE REVIEW OF LITERATURE

### **Previous Works**

Social sector expenditure in India in the 1990s is low. It is low compared with what India spent in the 1980s; it is low compared with other developing countries, and certainly compared with East Asian countries, and compared with the UNDP recommended ratios. Since the mid – 1990s, a higher proportion of government expenditure has been allocated to the social sector. yet at the same time, as a proportion of GDP, social sector spending has not increased.as far as there has been any improvement, it is marginal (Dev et al, 2002).

Prabhu k Seeta (1998) examined the role of social sectors in economic development from the point of view of two distinct approaches i.e. human resource development and human development. It advocates the adoption of the latter approach as it ensures not only equity but also sustained growth in the long run.

Kaur and Mishra (2003) concluded a study to analyze the present state of social sector development across states and effectiveness of public spending in social sector by using human development indicators. Empirical findings of the study established that public spending on education has been productive, through it has been more at the primary than at the secondary level of education. The relationship between public spending and health outcome turns out to be weaker, though it is indicative more of inadequate than ineffective health expenditure.

Tsujita (2005) in his study on “Economic Reforms and Social Sector Expenditures: A study of Fifteen Indian States” pointed out that revenue became a major determinant of social sector expenditures from the mid-1980s with the result that real per capita social sector expenditure in most states started to decline even before the economic reforms.

Aggarwal (2011) conducted a study to examine the trends in social sector expenditure in India and Punjab during pre-reforms (1980- 1991) and post reforms (1991- 2011) periods. The study shows a decline in social sector expenditure and calls for an urgent introspection of policy makers so that the provision of basic social services receives balanced weight in the formulation of all macroeconomic plans, policies and programs.

Purohit (2013) attempts to analyze the social sector efficiency focusing on two major aspects: health and education. Study revealed considerable state level disparities which could be reduced through a mix of strategies involving reallocation of factors within the sector, mobilizing additional resources possibly through enhanced budgetary emphasis or encouraging more private sector participation.

Sharma (2014) tried to study issues relating to linkages of social sector with economic growth. The study concludes that focusing on either economic growth or on human development may result in unbalanced growth of the economy, which may jeopardize the very process of long-term development.

Rangarajan (2014) in his paper “Economic growth and social development – synergies or contradictory?” discuss whether government expenditure on social sectors by themselves ensure better social development. The study found a strong rank correlation between income index and health & education index. However,



correlation between state govt. expenditure index and health & education index is observed to be poor.

Mittal (2016) tries to explore the effect of social sector expenditure (SSE) on Human Development Index (HDI) of Indian states. The study concluded that there is a positive relation between social sector spending and HDI.

Meenu (2019) examined the relationship between social sector expenditure and economic development. The Study concluded that there is a positive relationship between SSE and economic development and also there exist large interstate variance in development of social sector in India.

### **Research Gap**

Studies on social sector expenditure of a state help to find the involvement of a state in developing the society. The role of government is very important in serving the society for the betterment of the people. Social sector comprising of subsectors like education, health, medical care, housing, water supply is very essential for the economic development. Public expenditure in social sectors is often justified for its role in correcting market failures and redistributive purpose. However, it is debated point whether it was these objectives that guided the resource allocation to these sectors. We start off from this point to examine the external factor that have guided social sector budgeting. The study assumes importance in the Indian context, as the disparities related to the outcome indicators has increased in the past years across the Indian states, despite the fact that social sector expenditure has an important role in improving the basic social indicators. Many empirical works have shown the positive relation between social outcomes and social sector expenditure and also the trends and pattern of SSE across the states of India. This study aims to go a step further to probe the external factors determining the allocation of social sector expenditure.

### **III. OBJECTIVES AND HYPOTHESES**

On the basis of above discussion followings are the study objectives:

- To examine the impact of millennium development goals on social sector expenditure on sample states of India.
- To analyze the impact of the sustainable development goals on social sector expenditure on sample states of India.

And, followings are the hypotheses framed to examine the external influences of social sector expenditure in India.

- There is no significant relationship between Millennium Development Goals (MDGs) and social sector expenditure among sample states.
- There is no significant relationship between Sustainable Development Goals (SDGs) and social sector expenditure in sample states.

### **IV. DATA AND METHODS**

#### **Sampling Design**

We have selected six states and union territories in this study according to their proportionate social sector expenditure to GSDP in the year (2017-18). Of which the states like; Arunachala Pradesh, Mizoram, Nagaland are categorised as high ratio and Delhi, Maharashtra, Punjab have lowest ratio of social sector expenditure and GSDP. A detailed figure is depicted in Table-1.

**Table-1: Ratio of Social Sector Expenditure to GSDP of Sample States and Union Territories (2017-18)**

States	GSDP (in Rs. Crore)	Social Sector Expenditure (SSE) (in Rs.Crore)	Ratio of SSE & GSDP
Arunachal Pradesh	15705	5475.9	0.348672
Mizoram	14787	3814.1	0.257936
Nagaland	16184	4479.7	0.276798
Delhi	554908	22284.8	0.040159
Maharashtra	1942769	106624	0.054882
Punjab	375535	17390.4	0.046308

Source: Compiled and computed by the author based on data published by RBI, 2019

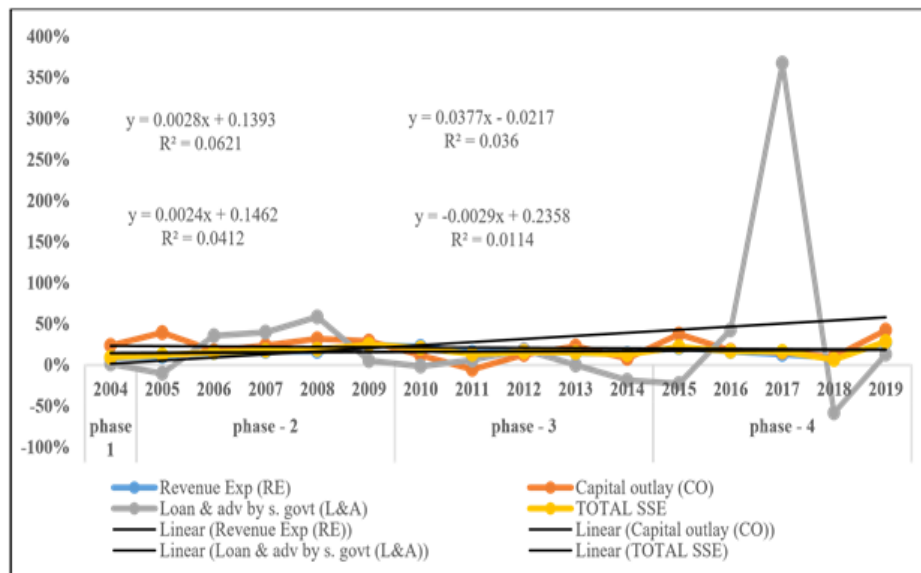
**Data Sources and Methodology**

This study used secondary data collected from Economic Survey of India of various issues, State Finance-Study of budgets from the Reserve Bank of India, NITI Aayog and India-stat. The variables that are used in analysis are total social sector expenditure, healthcare expenditure, education related expenditure. The used methods like trend-regression analysis, ratio and percentages in order to know the nature and trend of social sector expenditure of India along with Odisha and its six other sampled states with respect to external incidents of MDGs and SDGs.

**V. ANALYSIS AND RESULTS**

**Nature and Trend of Social Sector Expenditure in India and Other Sample States with respect to MDGs and SDGs**

**Figure-2: Percentage Change in Total SSE from the Preceding Year in India**



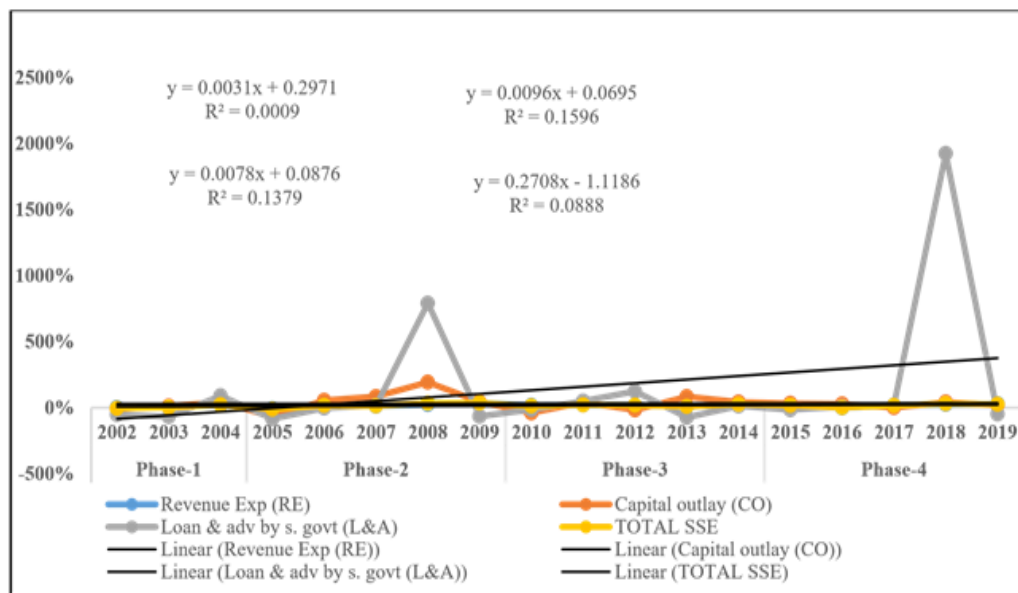
Source: Compiled and computed by the author based on data published by RBI 2002- 2019

Spending on social sector is critical since it tends to benefit the poor relatively more than the rich and because, it arguably enhances the human capital of the economy,

which can produce direct growth effects and indirect spill over benefits for the rest of the economy. Social sector expenditure in a developing country like India spends on three heads i.e. revenue expenditure, capital outlay and loans and advances by state government.

The first objective of this study is to examine the impact of millennium development goals on social sector expenditure on sample states of India. The hypothesis is, there is no significant relationship between Millennium Development Goals (MDGs) and social sector expenditure in sample states. After the implementation of MDGs, there was no significant rise in total social sector expenditure of India in first two phases. In the third phase the total social sector expenditure increased to a greater level (Figure-2).

**Figure-3: Percentage Change in Total SSE from the Preceding Year in Odisha**



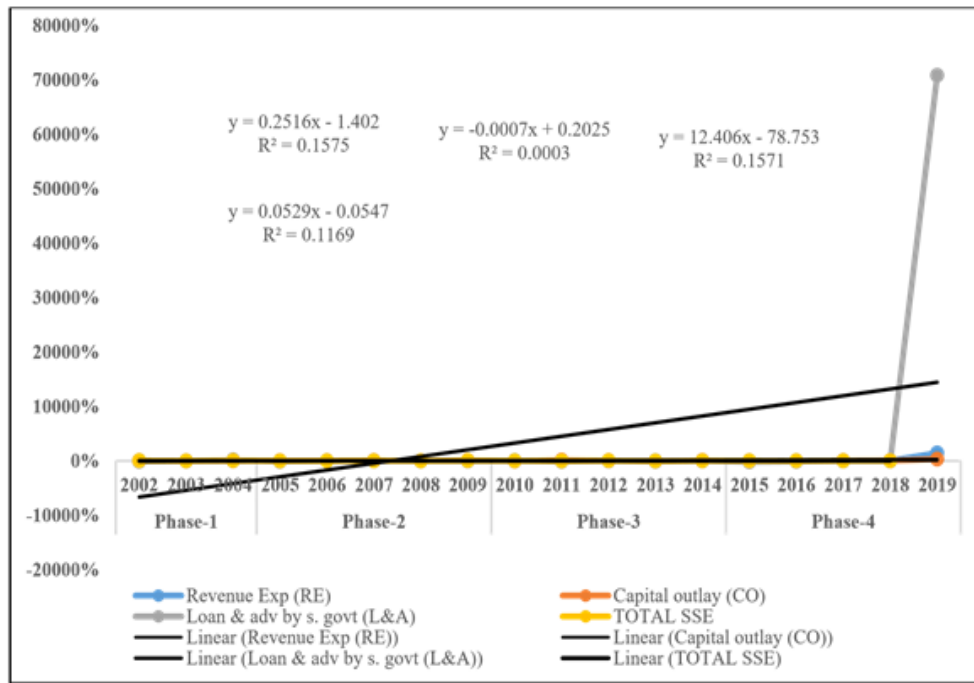
Source: Compiled and computed by the author based on data published by RBI 2002- 2019

Similarly, after the implementation of MDGs social sector expenditure of Odisha wasn't increased at a high rate till the mid of the second phase. From the year 2008, the social sector expenditure increased to a higher level (Figure-3). The social sector expenditure of Arunachal Pradesh didn't change significantly. In all the three phases social sector expenditure didn't raised significantly (Figure-4). Similarly, after the implementation of MDGs, there was no significant rise in total social sector expenditure of Nagaland in first two phases. In the third phase the total social sector expenditure increased to a greater level (Figure-5). The social sector expenditure of Mizoram after the implementation of MDGs was quite stagnant in the first two phases and it started increase in the third phase (Figure-6). After the implementation of MDGs the social sector expenditure of Punjab increased at a slower rate. In first two phases social sector expenditure didn't raised significantly. But in the third phases it started increasing to a high level (Figure-7). Social sector expenditure of Maharashtra didn't get raised significantly after MDGs are implemented. In the third phase the social sector expenditure increased



significantly (Figure-8). After the implementation of MDGs, social sector expenditure of Delhi didn't raise significantly till the mid of the second phase. At the middle of the second phase i.e. in 2007 total social sector expenditure increased to a higher level than the previous year. In the third phase the social sector expenditure increased significantly (Figure-9).

**Figure-4: Percentage Change in Total SSE from the Preceding Year in Arunachal Pradesh**



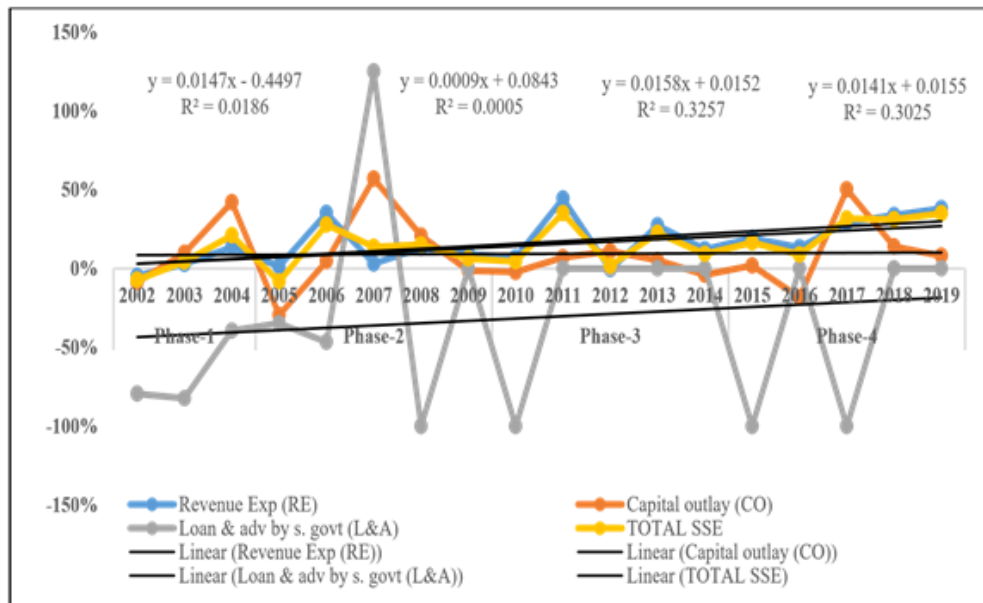
Source: Compiled and computed by the author based on data published by RBI 2002- 2019

SDGs aren't the only cause of increase in spending on social sector in India but after the implementation of SDGs the trend increased significantly in the fourth phase i.e. 2015-2019 (Figure-2). Similarly, after the implementation of SDGs in 2015, social sector expenditure in Odisha showed an increasing trend (Figure-3). In the fourth phase after the implementation of SDGs, social sector expenditure of Arunachal Pradesh increased significantly in the year 2018 (Figure-4). Spending on social sector of Nagaland after the implementation of SDGs the trend increased significantly in the fourth phase i.e. 2015-2019 (Figure-5). In the fourth phase i.e. after the implementation of SDGs, social sector expenditure of Mizoram increased significantly (Figure-6). Similarly, after implementation of SDGs social sector expenditure in Punjab increased more than the previous phase (Figure-7). In the fourth phase i.e. after the implementation of SDGs, social sector expenditure of Maharashtra increased significantly in the year 2015 (Figure-8). After implementation of SDGs social sector expenditure in Delhi increased more than the previous phase (Figure-9).

**Comparison of the Sample States with India and Odisha**

Comparing the social sector expenditure in Arunachal Pradesh with India can be noted that, the total social sector expenditure in this state is very less share in the total social sector expenditure of India. The percentage of total social sector expenditure spent as revenue expenditure and also less than the national percentage whereas percentage of capital expenditure spent is quite close to national percentage. The percentage change of total social sector expenditure in Arunachal Pradesh was more than the national value. That means the total social sector expenditure and its components show a very irregular trend over the years. In the year 2019, the total social sector expenditure and its components raised to a very high level. Again, comparing the total social sector expenditure of the state with Odisha, it is found that total social sector expenditure of Odisha is more than the state. The percentage share of revenue expenditure and capital expenditure of Arunachal Pradesh is also less than Odisha. But the percentage change of social sector expenditure and its components is more in Arunachal Pradesh than Odisha. It indicates that the percentage change in SSE is more irregular in Arunachal Pradesh than in Odisha (Figure-4).

**Figure-5: Percentage change in total SSE from the preceding year in Nagaland**

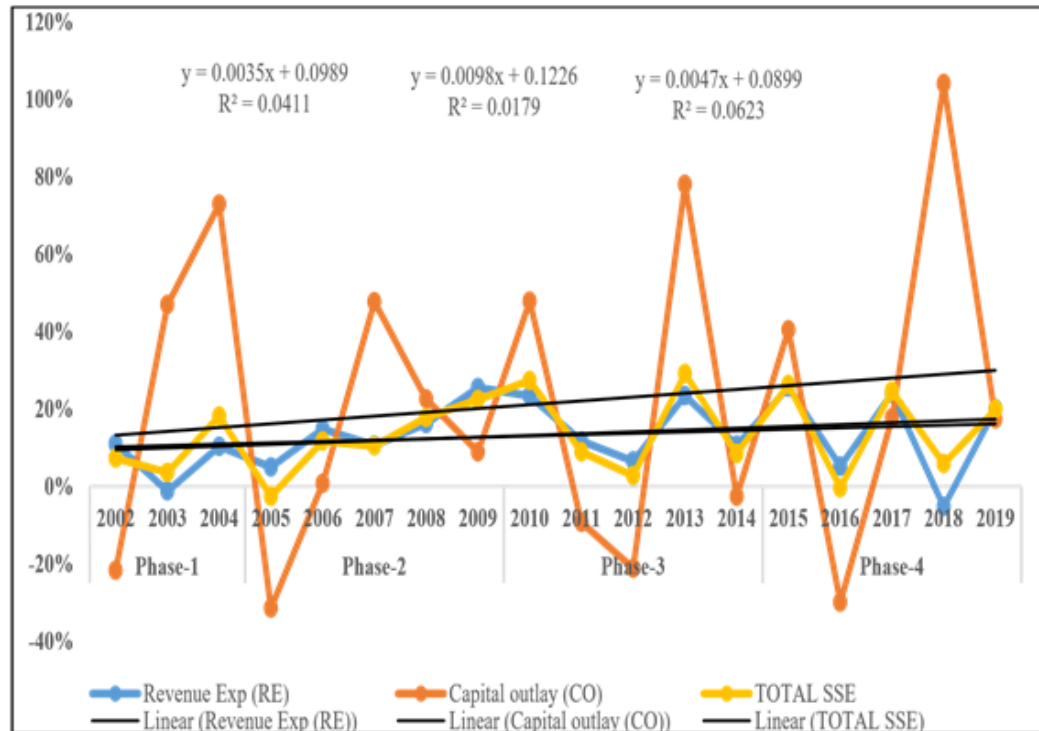


Source: Compiled and computed by the author based on data published by RBI 2002- 2019

Comparing the social sector expenditure of Nagaland with India it is found that the total social sector expenditure of Nagaland has very small share in the total social sector expenditure of India. The revenue expenditure on social sector in Nagaland is very less than the national value. The percentage of social sector spending as revenue expenditure is less than the national value but percentage share of capital outlay is more in Nagaland than the national share. That means Nagaland focuses on creating capital assets. The percentage change in total social sector expenditure and its components from the previous year spending is also less than the national value. This shows that there is no such significant increase in social sector

spending of Nagaland. Further comparing the social sector spending of Nagaland with Odisha it is seen that Odisha spends more on social sector than Nagaland. Percentage share of revenue expenditure in the total social sector expenditure is more in Odisha than in Nagaland. The percentage share of capital outlay in total social sector spending is more in case of Nagaland than in Odisha. The share of loans taken by the state is more in case of Odisha than Nagaland. This reflects that the loan burden for this sector is more in Odisha (Figure-5).

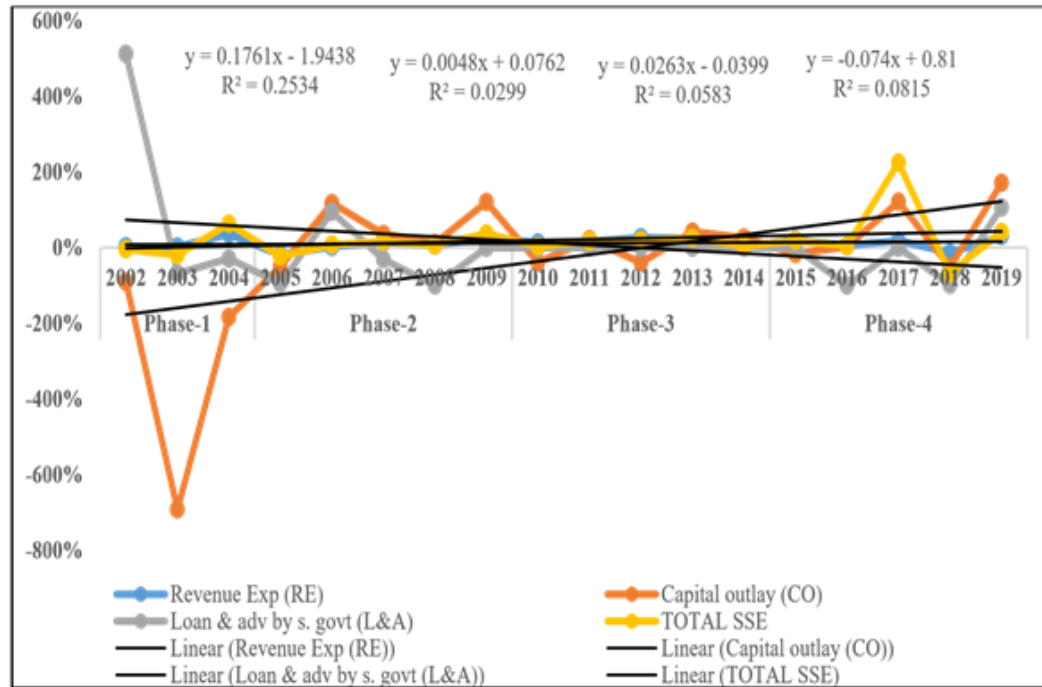
**Figure-6: Percentage change in total SSE from the preceding year in Mizoram**



Source: Compiled and computed by the author based on data published by RBI 2002- 2019

Comparing the social sector of Mizoram with Odisha and India it is found that the social sector spending of Mizoram has a small share in the total social sector spending of India and is very less as compared to the social sector spending of Odisha. The percentage of social sector expenditure spent as revenue expenditure is more or less similar to the national value. The percentage share of capital outlay is also closer to the national value. In comparison to Odisha, Mizoram spends more of its total social sector expenditure as capital expenditure. The percentage share revenue expenditure of Mizoram to its total social sector spending is also quite closer to the Odisha’s share. Comparing the percentage change in social sector spending in the capital expenditure on social sector of Mizoram shows a more irregular trend than Odisha’s capital expenditure on social sector (Figure-6).

**Figure – 7: Percentage change in total SSE from the preceding year in Punjab**



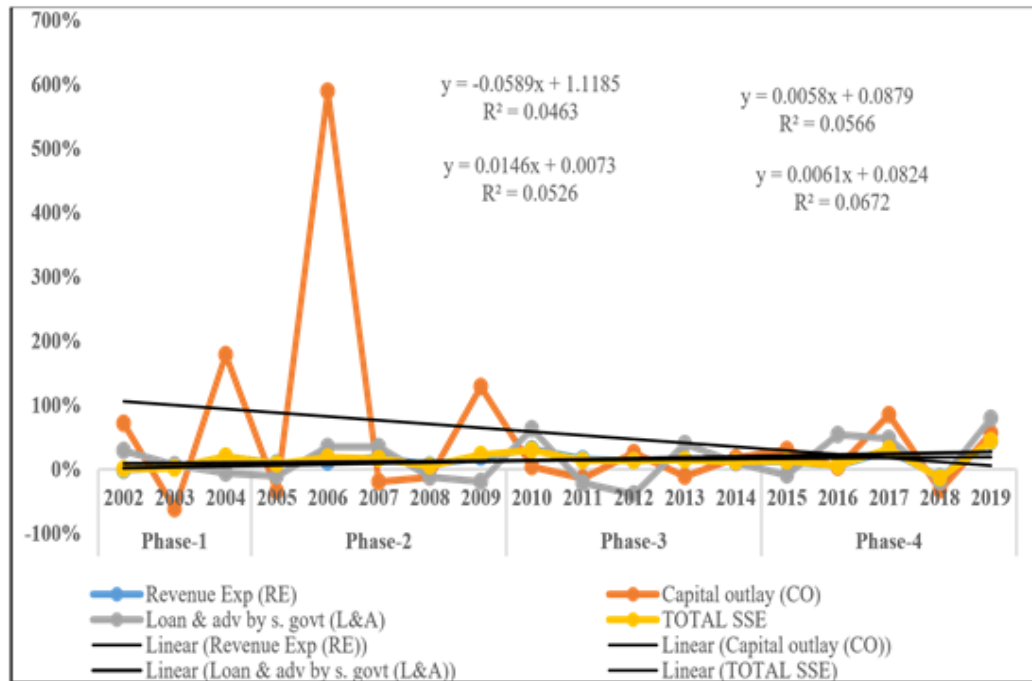
Source: Compiled and computed by the author based on data published by RBI 2002- 2019

Comparing the social sector expenditure in Punjab with India it can be found that the total social sector expenditure in this state has a major share in the total social sector expenditure of India. The percentage of total social sector expenditure spent as revenue expenditure is almost the same as the national percentage, whereas the percentage of capital expenditure spent is also closer to the national percentage. The percentage change of revenue expenditure on social sector from the previous year in Punjab is close to the national value. The percentage change in capital expenditure is negative for many years in Punjab. This shows that capital expenditure on social sector is declining over the years in Punjab. Again, comparing the total social sector expenditure of the state with Odisha, it is found that the total social sector expenditure of Odisha is more than Punjab. The percentage share of revenue expenditure of Punjab is also less than Odisha. But the percentage share of capital expenditure on social sector is more in Punjab than Odisha. It indicates that the percentage Punjab spends more on capital than Odisha. The percentage change in total social sector expenditure is more in Odisha than in Punjab (Figure-7).

Comparing the social sector expenditure of Maharashtra with India, it is found that the total social sector expenditure of Maharashtra has a significant share in the total social sector expenditure of India. The revenue expenditure on social sector in Maharashtra is less than the national value but higher than other developing states. The percentage of social sector spending as revenue expenditure is more than the national value but the percentage share of capital outlay in Maharashtra is more or less similar to the national share. The percentage change in total social sector

expenditure and its components from the previous year spending is also less than the national value. This shows that there is no such significant increase in social sector spending of Maharashtra.

**Figure-8: Percentage change in total SSE from the preceding year in Maharashtra**



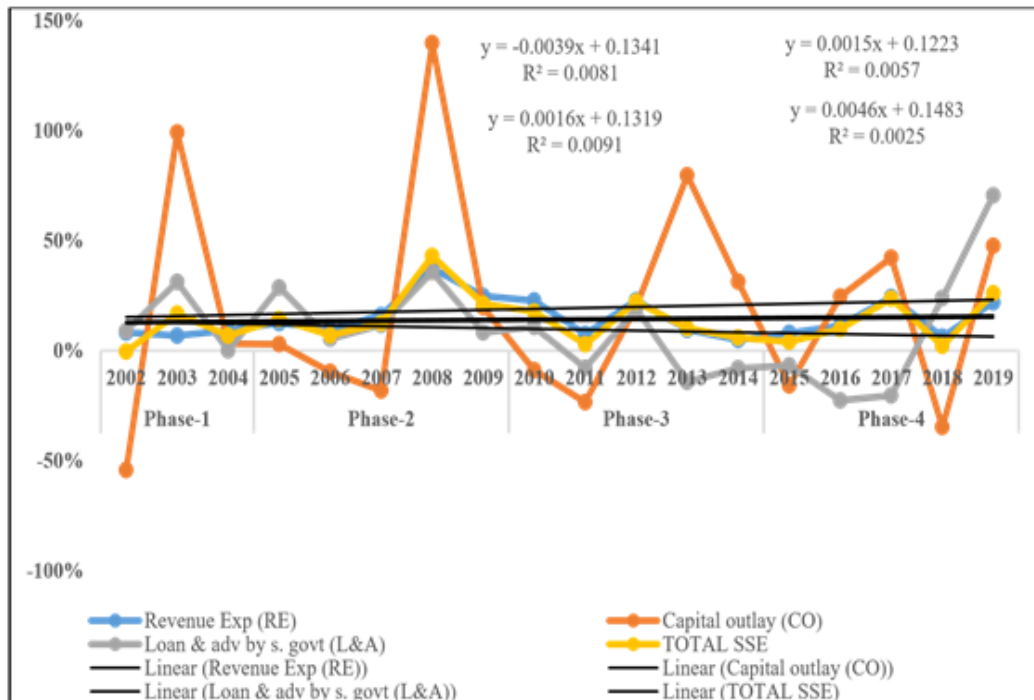
Source: Compiled and computed by the author based on data published by RBI 2002- 2019

Further comparing the social sector spending of Maharashtra with Odisha it is seen that Odisha spends less on social sector than Maharashtra. Percentage share of revenue expenditure in the total social sector expenditure is more or less similar in Odisha and Maharashtra. The percentage share of capital outlay in total social sector spending is also quite similar in Odisha and Maharashtra. The share of loans taken by the state is more in case of Maharashtra than in Odisha. This reflects that the loan burden for this sector is more in Maharashtra (Figure-8).

Comparing the social sector expenditure of Delhi with India it is found that the total social sector expenditure of Delhi has significant share in the total social sector expenditure of India. The revenue expenditure on social sector in Delhi is less than the national value. The percentage of social sector spending as revenue expenditure is less than the national value but percentage share of capital outlay in Delhi is more or less similar to the national share. The percentage change in total social sector expenditure and its components from the previous year spending is also less than the national value. This shows that there is no such significant increase in social sector spending of Delhi. Further comparing the social sector spending of Delhi with Odisha it is seen that Odisha spends more on social sector than Delhi. Percentage share of revenue expenditure in the total social sector expenditure in Odisha is more than Delhi. The percentage share of capital outlay in total social sector spending is more in Delhi than Odisha. That means Delhi focuses on capital

creation. The share of loans taken by the state is more in case of Delhi than in Odisha. This reflects that the loan burden for this sector is more in Delhi (Figure-9).

**Figure-9: Percentage change in total SSE from the preceding year in Delhi**



Source: Compiled and computed by the author based on data published by RBI 2002- 2019

### Major Findings of the Study

The total social sector expenditure in India increased over the years especially from the year 2008 i.e. from the mid of second phase. It increased significantly in the fourth phase i.e. after the implementation of sustainable development goals. Among all the components, revenue expenditure increased at a higher rate than the other components. The expenditure on education and health also increased significantly in the fourth phase.

In Odisha, total social sector expenditure increased at a slower rate in the first three phases. In the fourth phase, the total social sector expenditure increased significantly after the implementation of SDG in the year 2015. Among all the components revenue expenditure increased at a higher rate than the other components (Figure-3).

The total social sector expenditure of Arunachal Pradesh was stagnant till the mid of the last phase. In the last phase particularly in the year 2018 the total social sector expenditure along with its components increased to a very high level as compared to the previous years. A greater part of the total social sector expenditure spent as revenue expenditure in the state. A very less percentage of the social sector



expenditure has been spent as capital outlay. The total social sector expenditure and its components show a very irregular trend over the years. In the year 2019, the total social sector expenditure and its components raised to a very high level. Comparing the total social sector expenditure of the state with Odisha and India, it is found that total social sector expenditure of Arunachal Pradesh is less than the Odisha and also less than the national value (Figure-4).

The total social sector expenditure of Nagaland increased at slower rate in the first two phases but increased to a high level in the third phase. It increased to a significant level in the fourth phase after the implementation of SDG. And among all the components, increase in revenue expenditure is higher than the other components. In the fourth phase particularly, there is improvement in the social sector spending of Nagaland (Figure-5).

The total social sector expenditure of Mizoram was quite stagnant in the first two phases and it started increase in the third phase. Among all the components revenue expenditure increased more than the other components. In the fourth phase 4 i.e. after the implementation of SDGs, social sector expenditure increased significantly (Figure-6).

The total social sector expenditure in Punjab shows a positive trend over the years. In first two phases social sector expenditure didn't raised significantly. But in the third phases it started increasing to a high level. In the fourth phase i.e. after the implementation of SDGs, social sector expenditure increased significantly in the year 2015 (Figure-7).

Social sector expenditure of Maharashtra didn't get raised significantly till the end of the second phase. At the end of the second phase i.e. in 2008 total social sector expenditure increased to a higher level than the previous year. In the third phase the social sector expenditure increased significantly. Similarly, in the fourth phase i.e. after implementation of SDGs social sector expenditure increased more than the previous phase (Figure-8).

Social sector expenditure of Delhi didn't get raised significantly till the mid of the second phase. At the middle of the second phase i.e. in 2007 total social sector expenditure increased to a higher level than the previous year. In the third phase the social sector expenditure increased significantly. Similarly, in the fourth phase i.e. after implementation of SDGs social sector expenditure increased more than the previous phase. Comparing the social sector expenditure of Delhi with India it is observed that the total social sector expenditure of Delhi has significant share in the total social sector expenditure of India. Further comparing the social sector spending of Delhi with Odisha it is seen that Odisha spends more on social sector than Delhi (Figure-9).

## VI. CONCLUSION

The social services expenditure is made for the betterment of the people in all respect. The size of amount spent on these social services is higher under revenue account of the state and which are smaller in size under capital account. The trends in various social services expenditure under revenue account from 2000-2001 to 2018-19 had been increasing steadily with some fluctuations during the middle years. But the trends in expenditures of various social services under capital account fluctuated vigorously. There had been greater ups and downs in the amounts of this account during the study periods. In spite of more than sixty years

of India's independence, India's status in the Human Development Index had been highly deplorable. So, there was the need to accelerate the process of Social Sector development in a more vigorous manner in India. The population explosion in India had been growing at an astronomical speed and impairing the Quality of Life of the Indian citizens. The excessive growth in population had affected the overall quality of life of the people, and so consistent efforts were the need of the hour to keep the population under control. Since India is a vast country with more than 1 billion people, the Government alone could not provide all the facilities required for the development of the Social Sector. In this context, the Private Sector had also to be encouraged to participate in this process. But social control was also necessary while allowing the private partners in the process of Social Sector Development. It is an undeniable fact that the Government had been spending enormous amounts in the Social Sector. But, the million-dollar question was as to, how much percentage of it had actually reached the poor. So, a proper Social Sector Auditing was necessary to maintain a proper balance in respect of Social Sector expenditure.

### **Implications of the Study**

Studies on social sector expenditure of a state help to find the involvement of a state in developing the society. The role of government is very important in serving the society for the betterment of the people. Social sector comprising of subsectors like education, health, medical care, housing, water supply is very essential for the economic development. Public expenditure in social sectors is often justified for its role in correcting market failures and redistributive purpose. Social sector has got importance in India from the time of independence to improve the condition of weaker section, the disadvantage ones and the disabled. In the 11<sup>th</sup> and 12<sup>th</sup> plan, the budget was expected to enhance focus on critical area of social development including health care, education, social services and food security. Investment in these is long term perspective. Even then the condition is not improving, we are unable to achieve the targets of MDGs and SDGs. Government of India has launched various programs for the achievement of these goals such as National rural health mission, Sarva Siksha Abhiyan, MGNREGA, but how far these schemes are beneficiary to people is very well known from the HDI (132<sup>th</sup> rank) and GHI (107<sup>th</sup> rank) which have kept India in middle category for decades. This study of social sector expenditure compared the expenditure in different phases which will help researchers and policymakers. It also explained the impact of MDGs and SDGs on trends social sector expenditure which will provide a path to find out new ways to achieve these development goals.

### **Limitations of the Study**

The attempt here is to highlight external factors in determining the behavior of social sector expenditure in sample states. This study only focuses on social sector expenditure of few selected states of India. Also, this study has considered only two external stimuli i.e. MDGs and SDGs. We have taken only one parameter i.e. the percentage change in total social sector expenditure with preceding years. Hence, there is a further research avenue available for future researches on this domain.

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