



*International Journal Of*  
**Recent Scientific  
Research**

ISSN: 0976-3031  
Volume: 7(3) March -2016

**SOCIAL SECTOR EXPENDITURE ACROSS SOUTHERN STATES IN INDIA  
DURING PRE AND POST REFORM PERIOD**

**Mahalakshmi G and Ramesh C**



THE OFFICIAL PUBLICATION OF  
INTERNATIONAL JOURNAL OF RECENT SCIENTIFIC RESEARCH (IJRSR)  
<http://www.recentscientific.com/> [recentscientific@gmail.com](mailto:recentscientific@gmail.com)



ISSN: 0976-3031

Available Online at <http://www.recentscientific.com>

*International Journal of Recent Scientific Research*  
Vol. 7, Issue, 3, pp. 9222-9225, March, 2016

**International Journal  
of Recent Scientific  
Research**

## RESEARCH ARTICLE

# SOCIAL SECTOR EXPENDITURE ACROSS SOUTHERN STATES IN INDIA DURING PRE AND POST REFORM PERIOD

**Mahalakshmi G and Ramesh C**

<sup>1</sup>Economics, Rani Anna Government College (W), Tirunelveli-8

<sup>2</sup>Economics, Aditanar College of Arts & Science, Tiruchendur

### ARTICLE INFO

#### Article History:

Received 05<sup>th</sup> December, 2015  
Received in revised form 08<sup>th</sup>  
January, 2016  
Accepted 10<sup>th</sup> February, 2016  
Published online 28<sup>st</sup>  
March, 2016

#### Keywords:

Social Sector, Economic Reform,  
Expenditure, Inter-State Variation

### ABSTRACT

Stabilisation and structural adjustment programme(SAP) was introduced in 1991 to resolve the economic crisis in India. Under structural adjustment there has been compression in government spending in an effort to bring down the fiscal deficit to the desired level. This compression has an adverse impact on the social sectors. Given this background, an attempt has been made to examine the trends in expenditure on social sector (revenue account) and its important components education and public health during the pre (1971-72 to 1990-91) and post reform (1991-92 to 2010-11) period. In the present study, southern states were selected to assess the above said expenditure across the states and to examine the disparity in the expenses among the states. The study found that, during the post reform period the expenditure on Social and Community Services, Education and Public Health have increased at a slower pace when compared with the pre reform period. The deviations between the states expenditure on social & community services and education showed a declining trend.

**Copyright © Mahalakshmi G and Ramesh C., 2016**, this is an open-access article distributed under the terms of the Creative Commons Attribution License, which permits unrestricted use, distribution and reproduction in any medium, provided the original work is properly cited.

## INTRODUCTION

Social and Community Services or Social Sectors include those sectors where government interventions are expected to have a direct influence on human development, such as, education, health and family welfare, water supply and sanitation, social security and welfare, and nutrition. Investment in social services makes the labour force more productive, healthy and efficient, which taken together contribute to higher economic growth. Therefore expenditure on social services is considered as the key to achieving long-term inclusive and sustainable development.

In India, the provision of social services is primarily the responsibility of state governments even as they receive large financial support from the central government. The prime objectives of social sector expenditure of the States are to raise the standard of living of the peoples and to achieve maximum social welfare. Education and health are the most important factors influencing human development and they are the major heads among social sector. The public sector is a major provider of education and health in developing countries like India. RBI said in its latest report that spending on education and health services within social sector expenditure presumes

importance in order to have greater impact on human development.

Stabilisation and structural adjustment programme(SAP) was introduced in 1991 to resolve the economic crisis in India which reflected in macro economic mismanagement of the economy judged from such parameters as high fiscal deficit, double digit inflation, low foreign exchange reserves etc. Under structural adjustment there has been compression in government spending in an effort to bring down the fiscal deficit to the desired level. This compression will adversely affect the vulnerable sections of the society as this will lead to reduction in social sector spending. Mukta .S.Adi (2004) analysed how the expenditure on social sector has changed in the post reform vis-à-vis the pre reform period so as to examine the need for making the correction in the near future. The study found that the rate of increase during the reforms of 1990s has been at declining rate. The study made by Seema Joshi (2006) reveals that the share of expenditure on education and health in the combined expenditures of Central and State Governments have declined in the post reform period. Economic reform has an adverse impact on the social sectors, more specifically the central health sector (Ravi Duggal *et al* 1995).

\*Corresponding author: **Mahalakshmi G**  
Economics, Rani Anna Government College (W), Tirunelveli-8

Given this background, an attempt has been made to examine the trends in expenditure on social sector (revenue account) and its important components education and public health during the pre (1971-72 to 1990-91) and post reform (1991-92 to 2010-11) period. In the present study, southern states were selected to assess the above said expenditure across the states and to examine the disparity in the expenses among the states.

### Hypotheses

1. Economic reforms has the impact of compression on social sector expenditure in the southern states of India
2. Inter-state variation in the expenditure on social services tends to converge during the post reform period.

## METHODOLOGY

Secondary data form the basis of this study. The data were obtained mainly from Reserve Bank of India (RBI) data base, Budget Documents of the State Governments and Economic Survey.

Simple percentages have been worked out to know the share of social sector, educational and health expenditure to total expenditure. To examine the relative status of the southern states in India, ranking analysis was done. In order to measure the inter-states disparities, the all states average, coefficient of variation and ratio between the highest and lowest have been made use of.

## RESULTS AND DISCUSSION

**Table 1** Expenditure on Social and Community Services

Year	Andhra Pradesh			Karnataka			Kerala			Tamil Nadu		
	P.E	%	R	P.E	%	R	P.E	%	R	P.E	%	R
Before Reform												
1971-72	21.53	32.24	4	24.36	30.97	3	39.73	46.72	1	29.30	33.78	2
1975-76	43.29	40.73	4	49.08	37.15	3	81.24	52.61	1	55.00	43.46	2
1980-81	96.32	43.59	2	89.12	36.20	4	140.44	52.68	1	90.71	37.54	3
1985-86	196.53	41.51	4	202.17	38.81	3	288.42	53.70	1	232.81	48.84	2
1990-91	324.61	38.45	4	348.23	38.75	3	444.68	45.23	2	452.14	44.17	1
CAGR	14.53		2	14.22		3	12.84		4	14.66		1
After Reform												
1991-92	352.87	36.38	4	420.85	38.21	3	464.16	41.99	2	515.68	33.19	1
1995-96	663.67	44.01	4	675.36	38.32	3	765.18	39.66	1	740.95	39.71	2
2000-01	1067.73	34.82	4	1177.77	36.75	3	1326.82	35.26	1	1261.87	35.82	2
2005-06	1527.47	34.82	4	1584.46	31.74	3	1816.54	32.00	1	1706.87	35.35	2
2010-11	3855.19	41.15	2	3666.12	40.91	3	3644.27	34.94	4	4062.23	39.65	1
CAGR	12.70		1	11.43		2	8.12		4	10.87		3

Note: P.E – Per capita Expenditure, % - Percentage to Total Expenditure, R – Rank, CAGR – Compound Annual Growth Rate  
Source: Computed from Secondary Data

During the pre reform period, the compound annual growth rate of per capita expenditure on social and community services was high at 14.66 per cent in Tamil Nadu and low at 12.84 per cent in Kerala. In the case of level of per capita expenditure, first place was occupied by Kerala in all the years except 1990-91. In 1990-91 Tamil Nadu got first rank. In the post reform period, the highest growth rate (12.70 per cent) was experienced by Andhra Pradesh and lowest growth rate (8.12 per cent) was experienced by Kerala. CAGR is less in the post reform period for all the states. The percentage share of social sector expenditure to total expenditure has been reduced significantly in Kerala and Tamil Nadu. Regarding the amount

of per capita expenditure, Kerala got first rank in three years except in 1991-92 and 2010-11 in which, Tamil Nadu occupied it. Tamil Nadu got second rank in the rest of the years.

Developed and developing countries have realized that human capital is essential for economic development with the result that education accounts for a sizable portion of *budg et al* location. In India, both the Central Government and State Governments have been responsible for education since 1976. However, the major responsibility of providing educational facilities rests on the state governments. Education is the largest component among social services.

Tamil Nadu had the highest growth rate and Kerala had the lowest growth rate of per capita expenditure on education during 1971-72 and 1990-91. Per capita expenditure was highest in Kerala and lowest in Andhra Pradesh for the same period. Tamil Nadu and Andhra Pradesh occupied the second and third rank interchangeably. During the post reform period, the growth rate of per capita expenditure on education was high in Andhra Pradesh. After reforms, all the four states had lowest growth rate. In all the states, the share of expenditure on health in total expenditure has been decreasing. Regarding the ranking of the amount of per capita expenditure, more or less similar pattern can be seen like the pre reform period. Health is an important input for the development of human resources and the quality of life and in turn the social and economic development of the country. Investment in health care is a necessary social investment without which the large mass of working classes cannot realize good health and contribute to the economy.

Health is a state subject and the primary responsibility of providing health care is with state governments. Till 1984-85, medical, family planning, public health and sanitation & water supply came under one head. Since the present study deals with 1971-72 to 2010-11, they were pooled together under the head 'Medical and Public Health'.

When we see the amount of per capita expenditure, Kerala occupied top position, followed by Tamil Nadu and Andhra Pradesh in 1971-72. But in 1990-91, Karnataka captured the third place against Andhra Pradesh. Comparatively slower rates of increase had been marked in all the states during the post

reform period. However, among the four states, highest growth rate was achieved by Andhra Pradesh followed by Kerala. The share of health expenditure in total expenditure has been declined in all the states. Regarding the amount of per capita expenditure, Tamil Nadu occupied first rank in 1991-92. But Kerala seized the first rank for the rest of the period.

social and community services in recent years. The ratio between the highest and lowest per capita expenditure on social sector indicates that the inter-state disparity is not only small but tends to converge also.

**Table 2 Expenditure on Education**

Year	Andhra Pradesh			Karnataka			Kerala			Tamil Nadu		
	P.E	%	R	P.E	%	R	P.E	%	R	P.E	%	R
Before Reform												
1971-72	15.18	22.73	4	18.50	23.52	3	30.96	36.41	1	20.98	24.18	2
1975-76	24.84	23.37	4	28.69	21.71	2	56.56	36.63	1	27.80	21.97	3
1980-81	43.82	19.83	4	47.33	19.22	3	85.15	31.94	1	49.94	20.67	2
1985-86	91.25	19.28	4	94.47	18.14	3	154.83	28.83	1	109.04	22.87	2
1990-91	154.65	18.32	4	181.50	20.20	3	269.88	27.45	1	232.95	22.76	2
CAGR	12.31		2	12.09		3	11.43		4	12.79		1
After Reform												
1991-92	172.88	17.82	4	213.75	19.41	3	287.27	25.99	1	260.33	16.75	2
1995-96	243.68	16.16	4	353.85	20.08	3	475.27	24.63	1	372.89	19.99	2
2000-01	496.92	16.21	4	668.91	20.87	3	830.06	22.06	1	711.89	20.21	2
2005-06	670.61	15.29	4	861.31	17.25	2	1064.98	18.76	1	756.05	15.66	3
2010-11	1494.99	15.96	4	1789.35	19.97	3	2060.57	19.75	1	1892.17	18.47	2
CAGR	11.39		1	11.21		2	10.35		4			3

Note: P.E – Per capita Expenditure, % - Percentage to Total Expenditure, R – Rank, CAGR – Compound Annual Growth Rate  
Source: Computed from Secondary Data

**Table 3 Expenditure on Medical and Public Health**

Year	Andhra Pradesh			Karnataka			Kerala			Tamil Nadu		
	P.E	%	R	P.E	%	R	P.E	%	R	P.E	%	R
Before Reform												
1971-72	6.35	9.51	3	5.86	7.45	4	8.77	10.31	1	8.33	9.60	2
1975-76	10.10	9.50	4	13.30	10.07	2	16.10	10.43	1	12.51	9.89	3
1980-81	21.31	9.64	3	19.37	7.87	4	25.73	9.65	1	21.98	9.10	2
1985-86	44.67	9.44	4	48.40	9.29	2	44.79	8.34	3	51.21	10.74	1
1990-91	65.82	7.80	4	68.76	7.65	3	96.92	9.86	1	94.05	9.19	2
CAGR	12.40		4	13.10		1	12.76		3	12.89		2
After Reform												
1991-92	74.20	7.65	4	83.68	7.60	3	100.35	9.08	2	108.59	6.99	1
1995-96	121.23	8.04	4	149.09	8.46	3	165.13	8.56	1	161.13	8.64	2
2000-01	200.34	6.53	4	229.09	7.15	2	265.16	7.05	1	217.19	6.17	3
2005-06	329.86	7.52	2	229.08	4.59	3	359.14	6.33	1	219.84	4.55	4
2010-11	549.49	5.86	3	417.90	4.66	4	708.25	6.79	1	635.44	6.20	2
CAGR	10.53		1	8.37		4	10.26		2	9.24		3

Note: P.E – Per capita Expenditure, % - Percentage to Total Expenditure, R – Rank, CAGR – Compound Annual Growth Rate  
Source: Computed from Secondary Data

**Table 4 Trends in Inter-State Variation in Per capita Expenditure**

Period	Social Services			Education			Health		
	Mean	C.V	Ratio	Mean	C.V	Ratio	Mean	C.V	Ratio
1971-72	28.73	24.13	1: 1.85	21.40	27.51	1:2.04	7.33	16.96	1:1.50
1975-76	57.15	25.39	1:1.88	34.47	37.22	1:2.28	13.00	16.49	1:1.59
1980-81	104.15	20.28	1:1.58	56.56	29.44	1:1.94	22.10	10.42	1:1.33
1985-86	229.98	15.85	1: 1.47	112.40	22.59	1:1.70	47.27	5.76	1:1.15
1990-91	392.41	14.44	1:1.39	209.75	21.31	1:1.75	81.39	17.41	1:1.47
1991-92	438.39	13.62	1:1.46	233.56	18.76	1:1.66	91.71	14.74	1:1.46
1995-96	711.29	6.02	1:1.15	361.42	22.74	1:1.95	149.14	11.51	1:1.36
2000-01	1208.55	8.02	1:1.24	676.95	17.66	1:1.67	227.94	10.44	1:1.32
2005-06	1658.84	6.74	1:1.19	838.24	17.57	1:1.59	284.48	21.44	1:1.63
2010-11	3806.95	4.43	1:1.11	1809.27	11.37	1:1.38	577.77	18.70	1:1.69

Note: C.V-Coefficient of Variation  
Source: Computed from Secondary Data

All state average per capita expenditure on social and community services had increased rapidly in both the periods. During the pre reform period, Kerala's per capita expenditure was always greater than all state average and the states Karnataka and Andhra Pradesh were spending below the average. In the post reform period, Tamil Nadu was the only state which spent more than average expenditure in all the years. The value of C.V was less in the post reform period which indicates that all states are giving more importance to

Regarding the expenditure on education, Kerala was the only state which spent more than average in all the years. Tamil Nadu spent more than mean expenditure only in the year 1990-91. The per capita expenditure of Karnataka and Andhra Pradesh always stood below the all state average. Inter-state variation during this period was high but it had declined is known by the value of co-efficient of variation. During the post reform period except 2005-06, Tamil Nadu spent more than average. Kerala was always in lead. Decline in the value of

C.V exhibits the converging tendency among the southern states regarding the expenditure on education. The reduction in the ratio between the lowest and highest per capita expenditure also point out the same result.

All state average health expenditure has increased voluminously. Kerala was the only state which spent always more than mean per capita expenditure. Andhra Pradesh always stood below in this respect. Though there was some reduction in the co-efficient of variation in some of the years, it increased from 14.74 in 1991-92 to 18.70 in 2010-11, which is greater than pre reform period. It indicates that inter-state variation tends to diverse in the post reform period. The small increase in the ratio level also produces the above same result.

## CONCLUSION

The expenditure on social sector, Education and Public Health during the post reform period has increased at a slower pace when compared with the pre reform period. The share of expenditure on social sector and its major heads in total expenditure has decreased in the southern states. Hence, the first hypothesis is proved correct. The deviations between the states expenditure on social & community services and education showed a declining trend. It reveals that the per capita expenditure of southern states on social sector and education tends towards equality. Reserve Bank of India has urged the state governments to spend more on social sectors especially education, public health and family welfare to improve human development yardsticks. Based on the findings, the study recommends that all the state government should increase their *budget al* location to the social sector because of the important role of this sector to the development of human resources.

\*\*\*\*\*

### How to cite this article:

Mahalakshmi G and Ramesh C.2016, Social Sector Expenditure Across Southern States In India During Pre and post Reform Period. *Int J Recent Sci Res.* 7(3), pp. 9222-9225.

## References

1. Abusaleh Shariff, and P.K.Ghosh (2000), "Indian Education Scene and the Public Gap", Economic and Political Weekly, Vol. XXXV, No. 16, April 15, pp.1396-1402
2. Allen Roy, B.Kamaiah, and M.Govinda Rao (2000),"Educational Expenditure of Large States: A Normative View", Economic and Political Weekly, Vol. XXXV, No. 17, April 22, 2000, pp.1465-1468.
3. Andre Beteille (2008), "Access to Education", Economic and Political Weekly, Vol.20, May 17-23.
4. MuktaS.Adi(2004),"Public Expenditure on Social Sector in India", Social Welfare, April2004
5. Ravi Duggal, Sunil Nandraj, Asha Vadair., (1995), Health Expenditure Across States- Part I, Economic and Political Weekly, Vol. xxx, No.15, April 15, pp.834-838
6. Ravi Duggal, Sunil Nandraj, Asha Vadair., (1995), Health Expenditure Across States- Part II, Regional Disparity in Expenditure, Economic and Political Weekly, Vol. xxx, No.16, April 22,pp.901-908
7. Seema Joshi(2006),"Impact of Economic Reforms on Social Sector Expenditure in India", Economic and Political Weekly, Vol.XVI, No.4, Jan 28.
8. Sinha, Sarita(1991), "Expenditure on Education in India: Policy and Issues", Southern Economist, April 1, Vol. 29, NO. 23.
9. Economic Survey – Various Issues
10. Budget Documents of the State Governments

T.SSN 0976-3031



9 770976 303009 >