



Review Paper

Expenditure pattern in social services in MP, India Since 2001

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Abstract

The paper attempts to study the behaviour of social services expenditure in Madhya Pradesh from 2001-02 to 2017-18. Study is using four ways of examining trends in social services expenditures. The first is to calculate social services as a percentage of overall government expenditure, the second is to look at it as a proportion of GSDP (Gross State Domestic Product) third option is to look at per capita social services expenditure and the fourth is the utilization of the funds in the social services. The provision of social services is primarily the responsibility of state governments even as they receive large financial support from the central government under centrally sponsored schemes. The paper looks at the trends of social services expenditure of Madhya Pradesh and the sub sectors. In per capita terms social expenditure has increased significantly in MP (Madhya Pradesh) during the study period, and the increase was about 10 times. The available data indicates that state's expenditure on social sector has steadily increased over the years mainly from 2015-16 when state got increased untied fund from the union government due to the implementation of the 14th finance commission's recommendations, however these improved funds transferred into the housing and urban development, and the important sectors like health, water supply and sanitation, nutrition, social welfare and SC (Schedule Caste), ST (Schedule Tribe) and OBC (Other Backward Class) welfare could not benefitted. Education has captured major share in the social sector expenditure, all other sub-sector should also get equal importance apart from the education as they are the basic needs of a life. During the study period share of social services in total expenditure was always less than the UNDP (United Nations Development Programme) recommended 40 percent in the state. The under spending was the steady problem in the study period. The analysis shows that variance of actual expenditure to the budgeted amount in total state expenditure is small, but when we go deep into the social services under spending is increasing.

Keywords: Social Services, Fourteenth Finance Commission, GSDP, Per Capita Expenditure, Under Spending.

Introduction

A budget is much more than the statement of government's expenditure and receipt for the fiscal year. In modern economies, budget is the key instrument for the execution of government policies. It is because the priorities and commitments of the government get truly reflected in the allocations made and the expenditure incurred in various fields. Using findings of analysis of budgets and other budget-related documents as a tool for research and advocacy offers certain advantages.

Social Sector is an important sector of the economy, expenditure on social services including education sports arts and culture, health and family welfare, water supply sanitation housing and urban development, information and broadcast, welfare of SC, ST and OBC, labour and labour welfare, social welfare and nutrition are vital for the economic development of the state and these components also play an important role in the contribution of human resource development. Human capital is importantly knotted with economic growth, investment in education, health, nutrition and water supply and sanitation makes the labor force

more productive, healthy, competitive and efficient, consequently social development paves the way for economic development and leads to higher economic growth. Government investment in social sector plays an important role in dealing with social issues and helped in the lessening of poverty, therefore, budgetary expenditure should be increased and efficiently allocated and utilized for the advancement of the marginalised section.

The government is the largest spender in social sectors, a fact that would not change in a hurry. 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 economy¹. This spending reduces disparities of all types including spatial, rural-urban, gender and social.

Objectives: The objectives of this paper are: i. To examine the share of social sector expenditure in state's total expenditure and GSDP, ii. To identify the share of sub sectors in social services expenditure in the state, iii. To find out the impact of

fourteenth finance commission recommendations (February 2015) of a substantially higher devolution to state on social services expenditure, iv. To find out the variance of budget estimates and actual expenditure in social services and its sub sectors in the state.

Methodology

For the present study data have been collected from state budget books (Volume 1, 2001-02 to 2017-18) of Madhya Pradesh and the GSDP (at Current Price) from 2001-02 to 2015-16 taken from CSO (Central Statistics Office), 2001-02 to 2005-06 (1999-2000 series), 2006-07 to 2010-11 (2004-05 series), 2011-12 to 2015-16 (2011-12 series) and for the year 2016-17 and 2017-18 GSDP taken from MP budget at glance. Variables taken under the present study are total social sector expenditure in Madhya Pradesh (Budget Estimates and Actuals), GSDP of

Madhya Pradesh, and expenditure in the sub-sectors of social sector.

Bifurcation of total state expenditure in MP

Total state expenditure divides into general services, social services, economic services and assistant grant and contribution. Table-1 is showing the pattern of state expenditure during last seventeen years.

During 2001-02 to 2017-18 total state expenditure increased by 10 times and the sub sectors like general services, social services, economic services and assistant grant and contribution increased by 7.43, 12.49, 10.37 and 20.11 times respectively. Within the same time average expenditure per anum for general services was (Rs.15431 crore), social services (Rs.21643crore), economic services (Rs.25375 crore) and assistant grant and contribution (Rs.2940 crore).

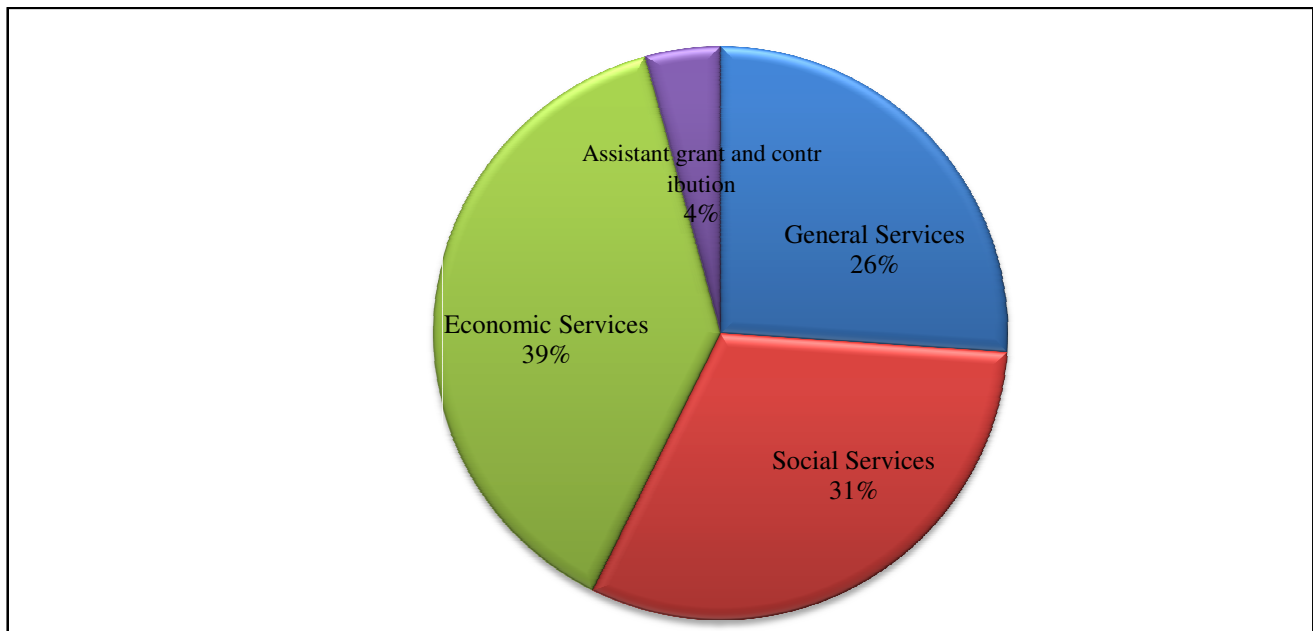
Table-1: Pattern of state expenditure during last seventeen years.

Total Expenditure in MP					(Amount in Rs Crore)
Year	General Services	Social Services	Economic Services	Assistant grant and contribution	Total State Expenditure
2001-02	5079	5098	5888	373	16438
2002-03	5482	6089	5518	406	17495
2003-04	6616	5885	8555	591	21648
2004-05	7640	6164	11568	917	26288
2005-06	8209	7363	11332	1117	28021
2006-07	8868	8350	9964	1365	28547
2007-08	9686	9624	12714	1566	33591
2008-09	10314	11675	14324	1775	38089
2009-10	12178	14341	18570	2553	47641
2010-11	14850	19068	20673	2937	57528
2011-12	16398	22036	35872	3207	77513
2012-13	17955	26126	31768	4072	79921
2013-14	20794	29735	30692	4542	85762
2014-15	22622	34148	45790	4226	106786
2015-16	26263	45709	41901	5893	119766
2016-17 RE	31626	52864	65199	6941	156630
2017-18 BE	37749	63661	61045	7499	169954

Source: Computed by Author using Madhya Pradesh State Budget Volume 1, 2001-02 to 2017-18.

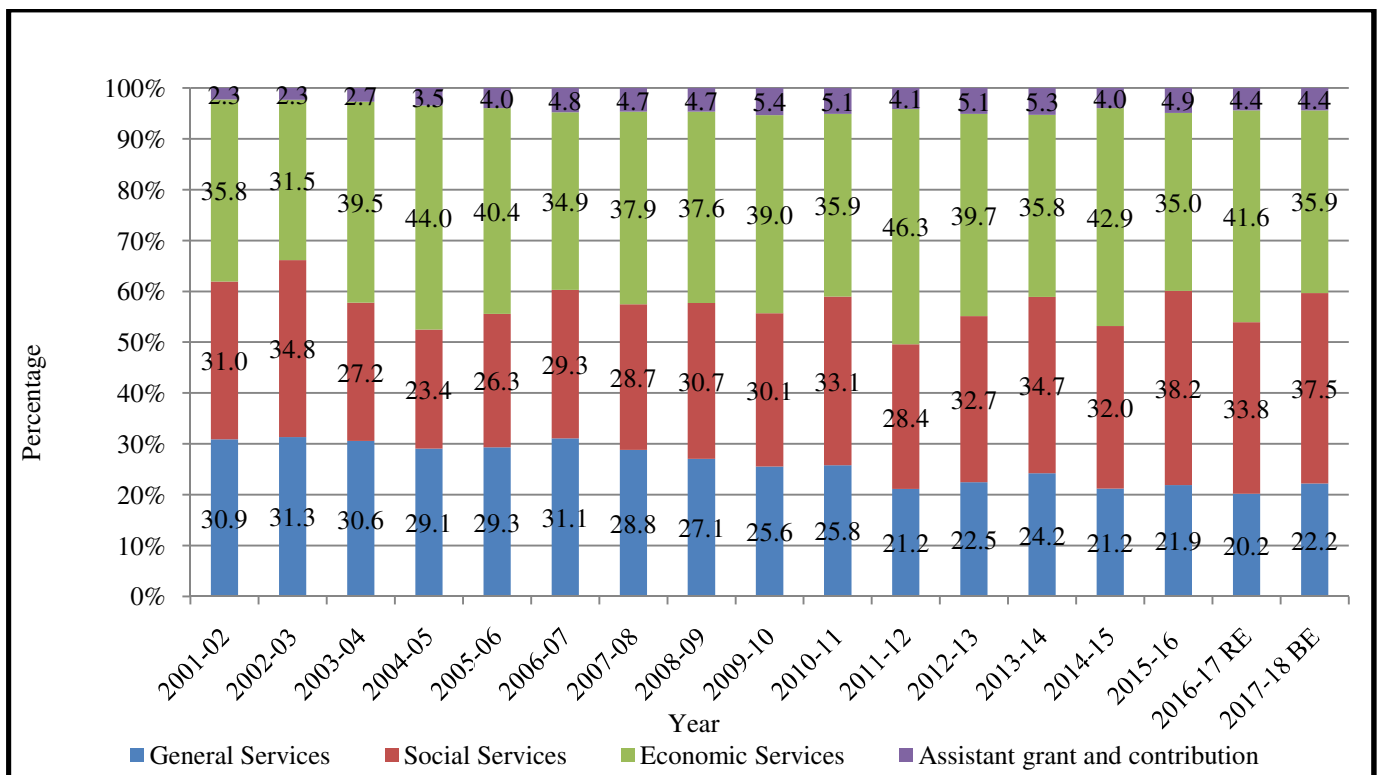
As shown in the Figure-1, on an average during 2001-02 to 2017-18 the share of general services, social services, economic services and assistant grant and contribution in the total state

expenditure is 26, 31, 39 and 4 percent respectively, share of grants-in-aid and contribution is at minimum by 4 percent.



Source: Computed by Author using Madhya Pradesh State Budget Volume 1, 2001-02 to 2017-18.

Figure-1: Bifurcation of Total State Expenditure (Average 2001-02 to 2017-18).



Source: Computed by Author using Madhya Pradesh State Budget Volume 1, 2001-02 to 2017-18.

Figure-2: Sector wise State budget Expenditure in MP.

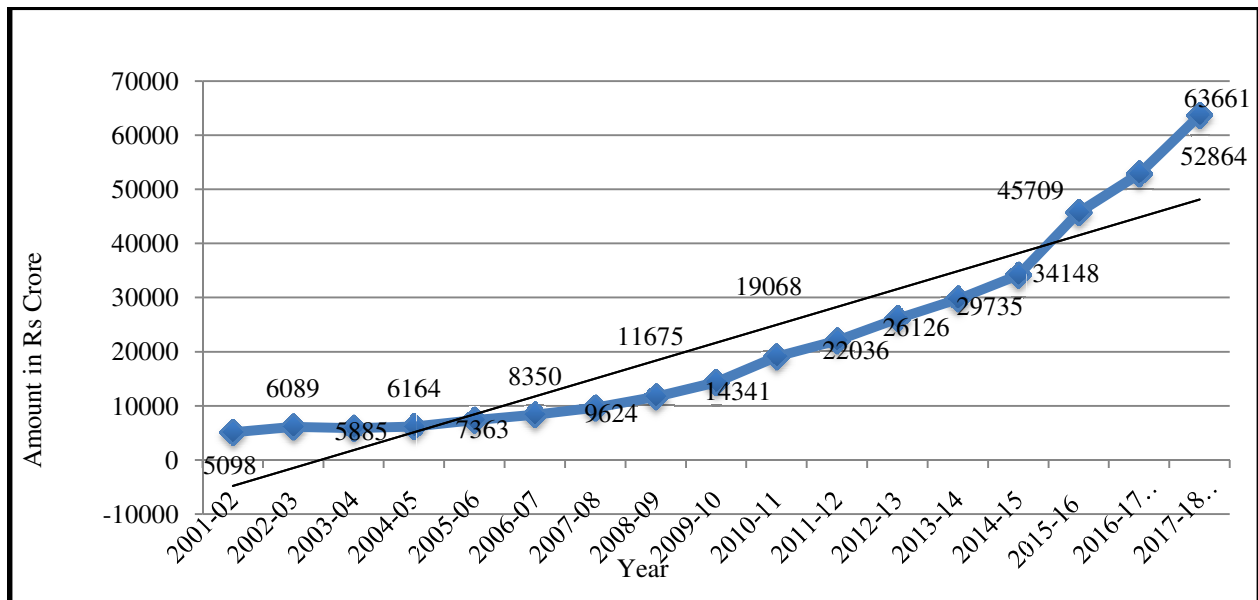
It is evident from the Figure-2 that whenever social services share is rising economic services share is approaching down, till 2004-05 social services share is coming down and economic services share is rising but after that there is rise in the expenditure share of social services till 2010-11 and after a dip of 4 percent in 2011-12 again it has increased by 4 percent in 2012-13, during the same time economic services share is coming down. While economic services has registered highest share but it depicts fluctuation year by year. During 2014-15 to 2016-17 there is rise in the expenditure on social services, during the period average share of social services is about 36 percent that has increased on the cost of decreased expenditure share in economic and general services; the share of general services is just about 21 percent during the same period. During 2001-02 to 2017-18 annual growth rate of share is high in social services (1.58 percent), while it is just 0.33 percent in economic services and negative in general services (-2.82 percent). In the last four years growth rate of social services is (2.11 percent), while in economic and general services it is negative by -0.22 and -2.21 percent respectively.

Social services expenditure in MP

Government expenditure on social services assumes importance in India because higher proportion of the poor utilizes government services as compared to richer households. India's Human Development Index (HDI) is so weak, because the track record of managing the social services comprising health, education, water supply, and food and nutrition security has been quite inadequate. The performance of the social services assumes centre-stage as the ongoing reform process both internal liberalisation programmes as well as globalisation does not seem to have benefited the underprivileged sections. While the most important challenge for India today is to sustain

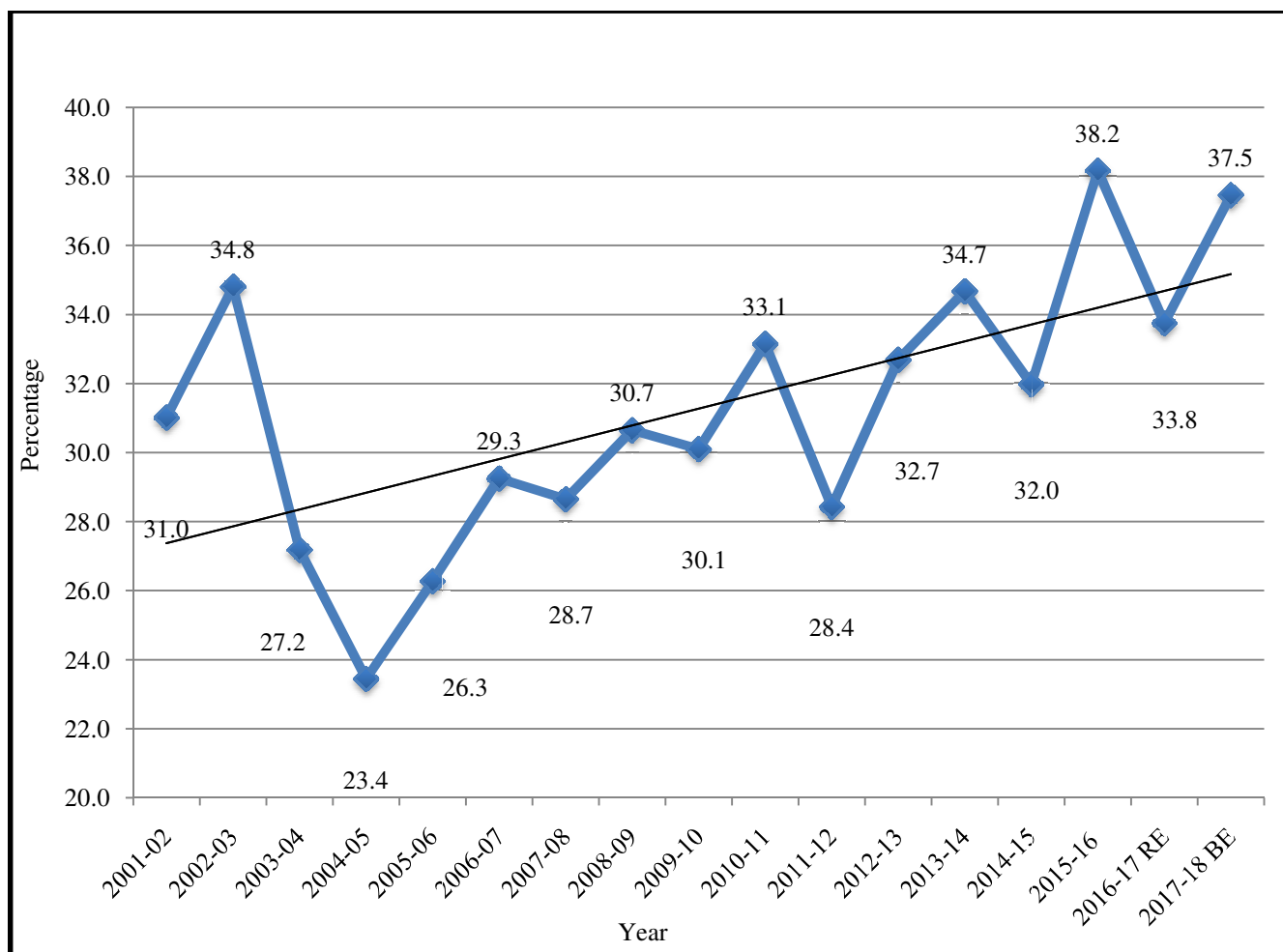
growth, the issue of equity cannot be ignored. The issue of equity can be resolved by investing in social services.

Social services expenditure increased by about 12.5 times in the last 17 years, increasing from Rs 5098 crore in 2001-02 to Rs 63661 crore in 2017-18. Expenditure increased by Rs 3308 crore per annum during 2001-02 to 2017-18, with the annual growth rate of 18 percent during the same time growth rate of total state expenditure was 16 percent and for economic services it was 16.5 percent during last 17 years government increased expenditure in social services higher than other sectors. The growth rate of social services expenditure during 2001-02 to 2014-15 is just 16.9 percent but during 2014-15 to 2017-18 growth rate is about 22.31 percent. Annual growth rate of social services spending is higher than total state budget's spending (18 percent) and economic service's spending (14 percent) in last four years. The fiscal year 2015-16 saw a disruptive change in the centre-state financial relationship with the government accepting the fourteenth finance commission's recommendation³ of a substantially higher devolution to States. The recommendations were designed to enhance the fiscal autonomy of states by increasing in devolution from 32 percent to 42 percent, in which 12 percent increase was in untied resources. State is now receiving a significantly larger share of untied funds from the Union. An important concern following these changes related to their impact on social sector expenditure. Our analysis finds that there has been a positive impact on the social services expenditure in the Madhya Pradesh as significant rise (22.3 percent) in social services expenditure, and that have in fact increased considerable when compared to the previous years. During 2014-15 to 2017-18 about Rs 29514 crore were invested in the social services.



Source: Computed by Author using Madhya Pradesh State Budget Volume 1, 2001-02 to 2017-18.

Figure-3: Social Services Expenditure in MP.



Source: Computed by Author using Madhya Pradesh State Budget Volume 1, 2001-02 to 2017-18.

Figure-4: Share of Social Services Spending into Total State Expenditure.

Share of social sector in total expenditure was less than the UNDP recommended 40 percent⁴ in all most all the studied period and ranged between 23 and 38 percent on an average. The largest share of the social services spending in total state spending was recorded in 2015-16 and 2004-05 was the year in which share was recorded at its lowest. During 2001-02 to 2017-18 share of social service services registered a 1.58 percent annual growth rate while in economic services it is just 0.33 percent. During 2014-15 to 2017-18 growth of social services share is 3.58 percent while in economic it is a negative growth rate of -3.51 percent. During 2002-03 to 2004-05 social services share is showing decreasing trend, after this period share of spending in social services is increasing with cyclical fluctuations. On an average during 2001-02 to 2017-18 government spent about 31 percent of its total spending to social services. It is important to evaluate the impact of fiscal positions of states consequent to the enactment and implementation of the Fiscal Responsibility and Budget Management Acts/Fiscal Responsibility legislations 2004-05 by state governments on their social sector expenditures. It is interesting to note that social services share has exhibited a generally rising trend since

2004-05 to 2010-11, and during the same time economic services share has come down. It is clear from the above chart social services share has been increased during 2001-02 to 2017-18 but finds that overall social services share is cyclical in the state, in a particular year it gets up and next year share comes down, lower share of social services in down time hampers the human capital formation; state should not allow to decreasing the share of social services expenditure which is the key to achieving long-term inclusive and sustainable development. State government need to ensure that their social services expenditure is protected to achieve inclusive and sustainable development in the medium to long-term.

Bifurcation of social services expenditure

Expenditure within social services involves spending towards education, health and family welfare, water supply and sanitation, housing, labour, information and broadcasting, welfare of SC,ST and OBC, nutrition and other social services of the government. Table below depicts the pattern of social service expenditure over the years.

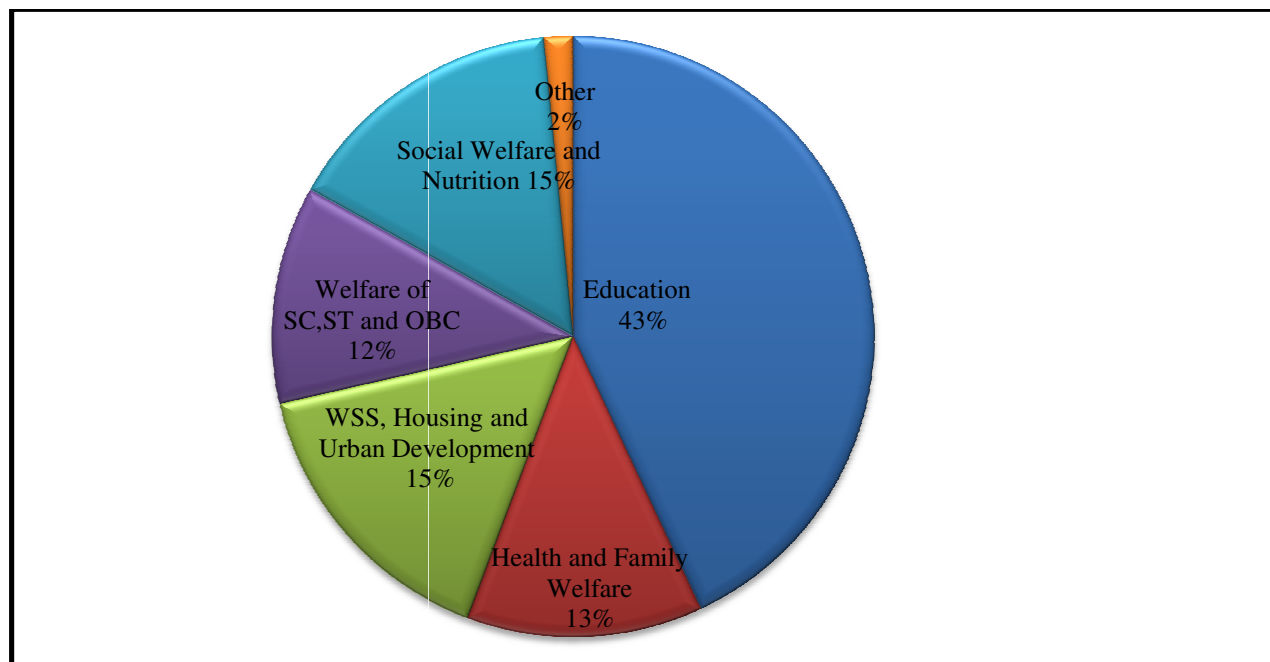
Table-2: Bifurcation of Social Services (Amount in Rs Crore).

Year	Education, Sports arts and Culture	Health and Family Welfare	WSS, Housing and Urban Development	Welfare of SC,ST and OBC	Social Welfare and Nutrition	Other	Total Social Services
2001-02	2126	688	951	753	501	78	5098
2002-03	2312	779	1060	937	911	90	6089
2003-04	2378	799	846	979	794	89	5885
2004-05	2579	899	777	1116	700	92	6164
2005-06	2953	989	1014	1293	1020	94	7363
2006-07	3743	1145	1298	893	1157	114	8350
2007-08	3918	1250	1844	1234	1228	151	9624
2008-09	5145	1376	1966	1385	1618	185	11675
2009-10	6502	1662	1900	1571	2491	215	14341
2010-11	8561	2154	2424	1935	3741	253	19068
2011-12	9985	2573	2683	2230	4259	306	22036
2012-13	11047	3305	3686	2728	4910	450	26126
2013-14	13839	3450	3806	2777	5346	517	29735
2014-15	16549	4762	4373	2509	5328	626	34148
2015-16	17838	5454	7801	3386	10578	652	45709
2016-17 RE	23930	6306	11100	3883	6735	911	52864
2017-18 BE	27174	7983	14458	5109	7710	1227	63661

Source: Computed by Author using Madhya Pradesh State Budget Volume 1, 2001-02 to 2017-18.

According to Table-2, during 2001-02 to 2017-18 social services expenditure increased by 12.5 times and the sub sectors like education, health and family welfare, WSS, housing and urban development, welfare of SC, ST and OBC and social welfare and nutrition, increased by 12.78, 11.6, 15.2, 6.8 and 15.4 times respectively. Within the same time average expenditure per annum for education was (Rs.9446 crore), WSS, housing and urban development (Rs. 3646 crore), social welfare and nutrition (Rs. 3472 crore), health and family welfare (Rs. 2681 crore) and welfare of SC, ST and OBC (Rs. 2042 crore). During 2001-02 to 2017-18 growth rate of social sector expenditure was 18 percent and in the sub sectors like education, health and family welfare, WSS, housing and urban development, welfare of SC, ST and OBC and social welfare and nutrition, growth rate of expenditure was 18.7 percent, 17 percent, 18.6 percent, 11.6 percent and 20.4 percent

respectively. During 2014-15 to 2017-18 after government's accepting the fourteenth finance commission's recommendation of a substantially higher devolution to states, growth rate of social sector was 22.3 percent and in the sub sectors like education, health and family welfare, WSS, housing and urban development, welfare of SC, ST and OBC and social welfare and nutrition, growth rate of expenditure was 19.5 percent, 18.5 percent, 48.3 percent, 25.5 percent and 6.8 percent respectively, untied fund increased social sector expenditure and within sub sectors this most of the increased amount went into the WSS, housing and urban development sector. During 2014-15 to 2017-18 about Rs 10265 crore were invested in education sector that was about 36 percent of the social services expenditure and Rs 10086 crore were invested in the WSS, housing and urban development sector that was about 34.2 percent of the social services expenditure.



Source: Computed by Author using Madhya Pradesh State Budget Volume 1, 2001-02 to 2017-18.

Figure-5: Bifurcation of Social Services (Average 2001-02 to 2017-18).

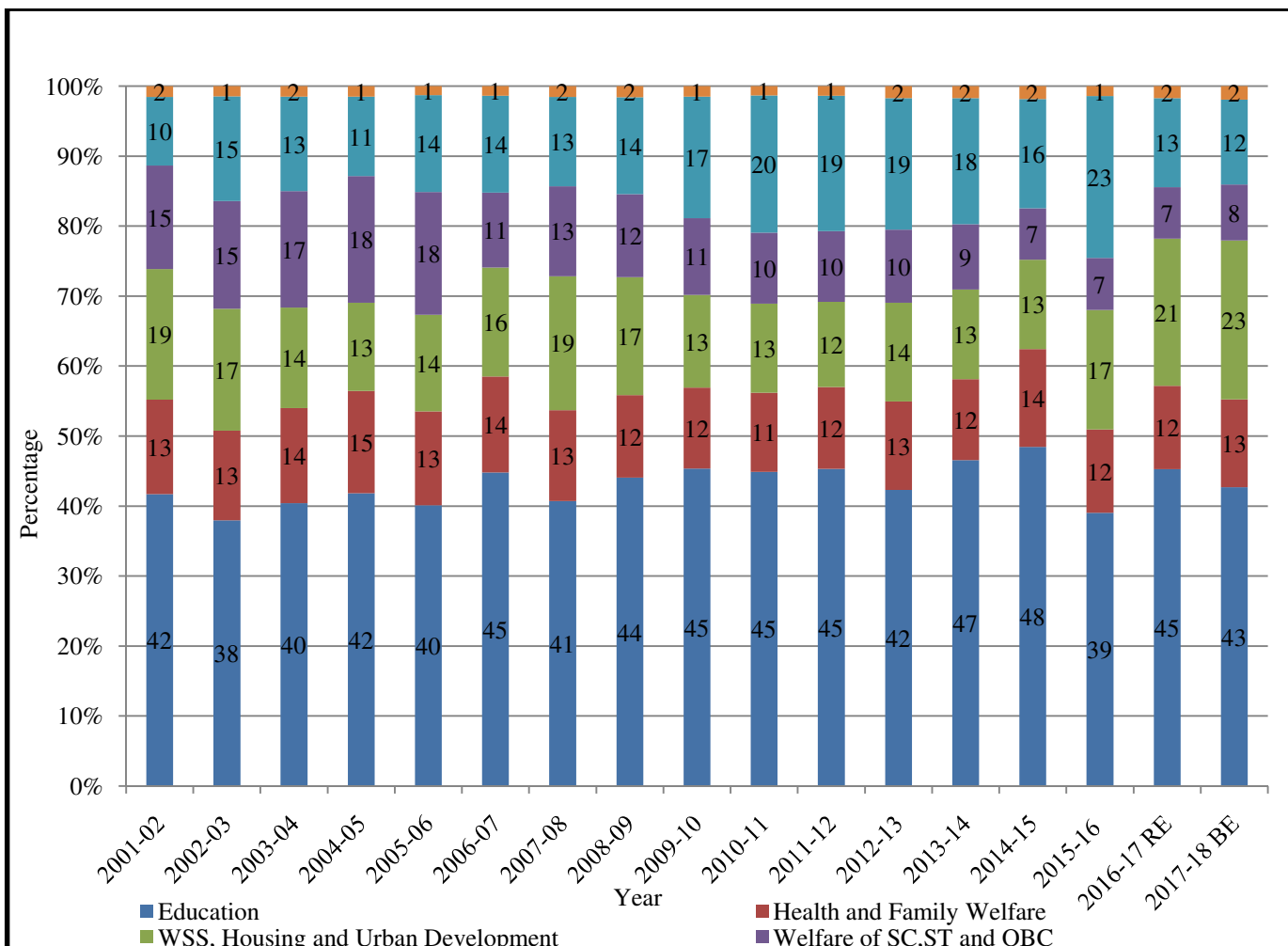
Education claimed a major share in total social services expenditure. On an average during 2001-02 to 2017-18, as regards expenditure on various components within social services, education (43 percent), WSS, housing and urban development (15 percent), social welfare and nutrition (15 percent), health and family welfare (13 percent) and welfare of SC, ST and OBC (12 percent), it clearly emerged that only education received about half part of the expenditure during the entire period of examination, while the shares of other sectors were very low. But during 2014-15 to 2017-18 after the fourteenth finance commission's recommendation of a substantially higher devolution to states, education sector got about 36 percent of the social services expenditure that was 43 percent during 2001-02 to 2017-18, and WSS, housing and urban development sector got about 34.2 percent during 2014-15 to 2017-18 while it was just 15 percent during 2001-02 to 2017-18. Within WSS, housing and urban development sector during 2014-15 to 2017-18 increased amounts (73 percent) went into the housing urban development sector, WSS got just 27 percent while during 2001-02 to 2017-18 WSS got about 44 percent share and housing urban development sector fetched just 56 percent.

The Figure-6 showing that during 2001-02 to 2017-18 annual growth rate of share is highest in social welfare and nutrition (2.11 percent), it is just 0.64 percent in education and 0.54 percent in WSS, housing and urban development and showing negative trend in all other sectors like welfare of SC, ST and OBC (-5.4 percent) and health and family welfare (-1.5 percent). In the last four years from 2014-15 to 2017-18 growth rate of share of WSS, housing and urban development is highest (21.24

percent) that has reached from 13 percent to 23 percent while in social welfare and nutrition, education and health and family welfare it is negative by -12.69 percent, -2.3 percent, and -3.14 percent respectively. After government's accepting the fourteenth finance commission's recommendation of a substantially higher devolution to states, there has been a positive impact on the social services expenditure in the Madhya Pradesh as significant rise (22.3 percent) in social services expenditure and It is clear from the sub sectors analysis that government is increasing its expenditure in WSS, housing and urban development, it is also seen that while health sector experienced cut in its share in total social expenditure during 2014-15 to 2017-18 education expenditure was relatively protected.

Social Services Expenditure as the Percentage of GSDP in MP

The GSDP is the broadest indicator of economic performance. Its change over time reflects the pace of economic growth or economic performance. Therefore, comparing budget figures to the GSDP gives us a lot of useful information. An increase in spending may be thought affordable if economic growth outpaces the growth in spending; in this case, the proportion of GSDP falls even when actual spending increases. The opposite, a growing percentage of the GSDP, can raise a warning flag. Public expenditure needs to grow as the economy grows in order to provide the required public services at adequate levels. In other words, growth in expenditure needs to follow the growth in the GSDP. This section particularly focus on the fact that how much of its own income does the state government is spending on social services expenditure.



Source: Computed by Author using Madhya Pradesh State Budget Volume 1, 2001-02 to 2017-18.

Figure-6: Bifurcation of Social Services Expenditure.

Table-3: Expenditure as the percentage of GSDP.

Year	Total State Expenditure	Social Services
2001-02	18.95	5.88
2002-03	20.15	7.01
2003-04	21.05	5.72
2004-05	24.61	5.77
2005-06	23.83	6.26
2006-07	22.97	6.72
2007-08	23.23	6.66
2008-09	23.59	7.23
2009-10	24.15	7.27

2010-11	25.28	8.38
2011-12	24.56	6.98
2012-13	20.98	6.86
2013-14	19.68	6.82
2014-15	22.04	7.05
2015-16	21.2	8.09
2016-17 RE	21.95	7.41
2017-18 BE	23.12	8.66

Source: Computed by Author using GSDP at Current Price from CSO (2001-02 to 2015-16), MP budget at glance (2016-17 and 2017-18).

If we look at the percentage of GSDP spend on total state expenditure and social services expenditure we found an increasing trend over the years the percentage of GSDP spend on state expenditure and social services expenditure gone up from 18.95 percent and 5.88 percent in 2001-02 to 23.12 percent and 8.66 percent respectively in 2017-18. At the state level, total state expenditure as a percentage of GSDP exhibited both way movements in the range of 19-25 per cent during 2001-02 to 2017-18. On an average, social expenditure as a percentage of GSDP ranged between 5.7 and 8.7 over the period. Total state expenditure as the percentage of GSDP recorded a 1.2 times increase during the period covered in the study. The increase was about 1.47 times for social services. The highest proportion of GSDP in state expenditure and social services was in 2010-11.

Per-Capita Expenditure of Social Services in MP

Per capita expenditure analysis is proved to be better indicator in gauging the real benefits reaching people in the state. In per capita terms social expenditure has increased significantly between 2001-02 and 2017-18. During 2001-02 to 2017-18, the average per capita expenditure for total state budget is Rs 8917 and for social services it is Rs 2935, per capita expenditure of social services increased by about 9.5 times in the last 17 years, increasing from Rs 845 in 2001-02 to Rs 8062 in 2017-18, during the same time per capita state budget increased by 7.9 times.

Per head expenditure for social services increased by Rs 414 per annum during 2001-02 to 2017-18, with the annual growth rate of 16 percent during the same time growth rate of total state expenditure was 14 percent. The growth rate of per head expenditure for social services during 2001-02 to 2014-15 is 15 percent but during 2014-15 to 2017-18 after government's accepting the fourteenth finance commission's recommendation growth rate is about 21 percent.

Allocation and Expenditure (BE and Actual) in Social Services Expenditure

Variance is the difference between Actual Expenditure and Budget Estimate (BE). Negative variance indicates under spending and positive variance implies overspending. The table below indicates the following variance in social services expenditure in MP. Although the scope of the study does not cover reason for under spending or overspending we discuss them whenever the reason is easily known to us.

In the Table-5 we can see that difference between actual and estimates is not much high in the total state expenditure in all 16 years it is under 10 percent except 2010-11 and 2011-12, and there are eight years where the difference is under 5 percent, there are only 5 years showing under spending but in social services expenditure there are 11 years out of 16 those are showing under spending. Our analysis found a lot of under

spending of funds in the social services expenditure. This implies that state's total rising allocation to social services has not been matched by the actual expenditure, which has most of the times lagged behind the budget estimates. Mere allocation is not enough unless there is proper utilization of the funds. On an average during 2001-02 to 2016-17 variance (not taking – sign, under spending and over spending included) of total state budget is 5 percent and in social services 7 percent. The above analysis shows that variance of actual expenditure to the budgeted amount in total state expenditure is small, but when we go deep into the sub sectors variance is increasing. The state has thus maintained a good record with reference to variance in total state expenditure over the years but variance is high in sub sectors. Underestimation or overestimation of expenditure is considered as serious irregularities in budgeting. It indicates that government is not able to spend what has been budgeted for; accurate budgeting is essential for the development of the nation.

Table-4: Per Head Expenditure of MP (Amount in Rs.).

Year	Total State Expenditure	Social Services
2001-02	2724	845
2002-03	2841	989
2003-04	3447	937
2004-05	4107	963
2005-06	4298	1129
2006-07	4300	1258
2007-08	4971	1424
2008-09	5541	1699
2009-10	6816	2052
2010-11	8097	2684
2011-12	10673	3034
2012-13	10897	3562
2013-14	11514	3992
2014-15	14123	4516
2015-16	15606	5956
2016-17 RE	20113	6788
2017-18 BE	21523	8062

Source: Computed by Author using Census_Data_2001/ Projected Population and Madhya Pradesh State Budget Volume 1, 2001-02 to 2017-18.

Table-5: Actual Expenditure and Budget Estimates (Amount in RsCrore).

Year	Total State Expenditure		Social Services Expenditure	
	Amount	Percentage	Amount	Percentage
2001-02	158	1	-83	-2
2002-03	-42	0	-175	-3
2003-04	1583	8	-622	-10
2004-05	1927	8	-348	-5
2005-06	1680	6	173	2
2006-07	149	1	61	1
2007-08	896	3	-469	-5
2008-09	-1353	-3	-368	-3
2009-10	1197	3	-559	-4
2010-11	6021	12	2596	16
2011-12	11667	18	96	0
2012-13	-110	0	-945	-3
2013-14	-6185	-7	-2462	-8
2014-15	-10255	-9	8208	32
2015-16	-11433	-9	-1239	-3
2016-17	-2083	-1	-6580	-11

Source: Computed by Author using Madhya Pradesh State Budget Volume 1, 2001-02 to 2017-18.

Conclusion

The analysis in this report leads to the following conclusions and suggestions: i. On an average, social services expenditure as a percentage of GSDP ranged between 5.7 and 8.7 over the period. Social services expenditure as the percentage of GSDP recorded a 1.47 times increase during the period covered in the study while the increase was less (1.2 times) for total state expenditure. ii. On an average during 2001-02 to 2017-18 share of social sector in total expenditure was just 31 percent that is less than the UNDP recommended 40 percent in all most all the studied years and ranged between 23 and 38 percent on an average. Government investment in social sector plays an

important role in dealing with social issues and helped in the lessening of poverty, therefore, budgetary expenditure should be increased and efficiently allocated and utilized for the advancement of the marginalised section. iii. In per capita terms social expenditure has increased significantly, per capita expenditure of social services increased by about 9.5 times during 2001-02 to 2017-18 during the same time per capita state budget increased by 7.9 times. iv. Education claimed a major share in total social services and on an average it was about 43 percent of the total social expenditure. It is also seen that while health, water supply and sanitation, nutrition, social welfare and SC/ST and OBC welfare got under 15 percent share. v. After implementation of the fiscal responsibility and budget management acts/fiscal responsibility legislations 2004-05 by state government social services share has exhibited a generally rising trend since 2004-05 to 2010-11, and during the same time economic services share has come down. It was good to see that even at the tough time government did not compromise with social services sector. vi. After the government acceptance of the fourteenth finance commission's recommendation state is now receiving a significantly larger share of untied funds from the Union. An important concern following these changes related to their impact on social sector expenditure. Our analysis finds that there has been a positive impact on the social services expenditure in the Madhya Pradesh as significant rise (22.3 percent) in social services expenditure, and that have in fact increased considerable when compared to the previous years. vii. Analysis shows that social services share has been increased during 2001-02 to 2017-18 but finds that overall social services share is cyclical in the state, in a particular year it gets up and next year share comes down, lower share of social services in down time hampers the human capital formation. State should not allow to decreasing the share of social services expenditure during tough times as the sector is the key to achieving long-term inclusive and sustainable development. viii. Untied fund increased social sector expenditure and within sub sectors this most of the increased amount went into the WSS, housing and urban development sector. Within WSS, housing and urban development sector during 2014-15 to 2017-18 increased amounts (73 percent) went into the housing urban development sector, WSS got just 27 percent. The other important sectors like health, water supply and sanitation, social welfare, nutrition, welfare of SC,ST and OBC are getting neglected while most of these sectors largely affects the rural areas and that is why vulnerable rural areas are also neglected. Government should keep its increased untied resources towards the other important sectors for reducing disparities including spatial, rural-urban, gender and social. ix. The analysis shows that variance of actual expenditure to the budgeted amount in total state expenditure is small, but when we go deep into the social services under spending is high. Underestimation or overestimation of expenditure is considered as serious irregularities in budgeting. It indicates that government is not able to spend what has been budgeted for; accurate budgeting is essential for the development of the nation.

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