



PATTERN OF PUBLIC EXPENDITURE ON SOCIAL SECTOR IN MIZORAM

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ABSTRACT

In general, it is believed that for realizing the objectives of the state which tend to determine the magnitude and pattern of public expenditure, public expenditure itself is an important instrument. In federal form of government like India, the magnitude and pattern of public expenditure of the constituent states is determined jointly by the policy of the central government as well as the state governments. The magnitude and pattern of public expenditure are determined by the existing requirements of the community and the political ideology of the party in powers. Thus, in the light of the broad decision of legislature, a group of officials who carry out the administration determined a series of value judgment for its operation. Hence, the objective of public expenditure differ time to time. However, a general pattern of the objectives of public expenditure has been formulated in the state. These general objectives take the form of provision of a minimum of certain services for the social, economic and physical security of the people, promotion of full utilization of human and other resources and the stabilization of the economy. An attempt to implement these objectives in the state of Mizoram has led to the growth in public expenditure. Public wants have been expanding, social welfare emphasis has been rising, population has been rising, price is rising and the direction of public expenditure towards economic development have all contributed to the stupendous growth of public expenditure in the state of Mizoram

KEYWORDS : Social Sector Expenditure, Government, Mizoram, Net State domestic production, Economic Development

INTRODUCTION

The government plays an integral role in economic growth and development process, especially in least developed and developing economies, riddled with low per capita income and weak private investment (Folster & Henrekson, 1999). The government may provide goods and services directly or play a supportive role such as maintaining law and order, regulating economic activities, and developing physical infrastructure to stimulate economic growth. The mainstream view is that public expenditure, especially on physical infrastructure and human capital can support economic growth by bolstering productivity in the private sector (Keynes, 1936). The social sector, broadly consisting of education, health, and social protection or security, is one of the major beneficiaries of public expenditure in developing economy like Mizoram. This attributed to the fact that investment in health and education facilitates development of the human capital that every economy needs to achieve its economic growth and development aspirations (Romer, 1986). Expenditure on social services like education and health has been justified by reference to the market's failures both to guarantee outcomes that meet society's equity objectives and to alleviate the possible causes of market inefficiency. Imperfect competition, absence of future markets, structural

unemployment, externalities, etc. In the case of health and education, possible failure of the market are mostly found which have affected public expenditure growth. The society's objectives in health care are to guarantee equality of access, cost and outcome for those who equally needed, while ensuring that the delivery system uses resources efficiently. In education, it is correspondingly argued that society's objective is to achieve equality of educational opportunities for those of equal ability, and an efficient allocation of resources.

In developing countries like India, public expenditure plays an important role in the development process. India has a federal structure of government. Indian constitution has divided the powers into three list viz., (1) Central List (2) State List and (3) Concurrent List. In social services, education, welfare and employment come under concurrent list; health and housing come under the state list; food security, broadcasting, information and publicity come under central list; State play a significant role in many aspects of social development. The state of Mizoram has made a considerable progress in social sector development.



OBJECTIVES OF THE STUDY

1. To study the trend in social sector expenditure of Mizoram 2005-06 to 2020-21.
2. To calculate the determinants of social sector expenditure in Mizoram during 2005-06 to 2020-21.

STATEMENT OF THE PROBLEM

In Mizoram state, economic growth under interrupted periods of time has been seen along with political and social upheavals. With regard to State political scenario, there has been drastic change in the state political scene since the inception of the state. After 1987, there was a competition between non-congress and congress parties to capture the vote bank, which led to a drastic change in their expenditure policy i.e., from economic principle to populist measures. The expenditure on social sector needs exceptional consideration. The current study means to dissect the pattern of expenditure of the legislature of Mizoram towards social sector improvements and its suggestion. On the off chance that the expenditure is redirected towards improvement exercises, it will advance the cycle advancement of the state. It is important to analyze the patterns

of social sector expenditure with net state domestic growth result of the state.

STUDY PERIOD

The analysis of public expenditure in Mizoram has been carried through sixteen years, from 12005-06 to 2020-21.

DATA ANALYSIS

The state have major responsibility of social services development. The share of central government on social services is less than 20 per cent. Hence, analysis of state government expenditure on social services is more significant. In this section, an attempt is made to assess the extend and direction of expenditure on the social sector in Mizoram from 2005-06 to 2020-21. The expenditure on social sector includes both revenue and capital expenditure, where capital expenditure makes promotional activity, and revenue expenditure is meant for protective and social expenditure comprises expenditure on social security measures. Social services include expenditure on sports and youth affairs. social services, education expenditure include expenditure on sports and youth affairs.

Table 1 : Social sector expenditure In Mizoram by Revenue and capital Account (in crore)

Year	Expenditure on Social Services	Revenue	Capital
2005-06	637.54	547.59 (85.89)	89.95 (14.11)
2006-07	714.93	592.9 (82.93)	122.03 (17.07)
2007-08	802.71	696.78 (86.80)	105.94 (13.20)
2008-09	991.12	898.18 (90.62)	92.93 (9.38)
2009-10	1255.9	1105.68 (88.04)	150.21 (11.96)
2010-11	1363.33	1237.35 (90.76)	125.94 (9.24)
2011-12	1545.03	1345.91 (87.11)	114.02 (12.89)
2012-13	1874.64	1652.22 (88.14)	222.41 (11.86)
2013-14	2031.4	1823.64 (89.77)	207.76 (10.23)
2014-15	2474.93	2160.93 (87.31)	314 (12.69)
2015-16	2431.91	2219.96 (91.28)	211.94 (8.71)
2016-17	2614.14	2300.85 (88.02)	313.29 (11.98)
2017-18	3220.24	2606.52 (80.94)	613.7 (19.06)
2018-19	3696.65	2934.45 (79.38)	762.19 (20.62)
2019-20	3994.1	3392.73 (84.94)	601.37 (15.06)
2020-21	3737.76	3177.84 (85.02)	559.92 (14.98)

Note: Figures in parenthesis are percentage shares

Source : Computed from Annual financial statement of Mizoram, 2005-06 to 2020-21.



Table 1 shows the public expenditure of state on the social sector by income and capital record. Around 79.38 to 91.28 per cent of the complete social sector expenditure has been caused on income account while the capital expenditure on social sector goes from 8.71 to 20.26 per cent. The social sector expenditure on income account has demonstrated a fluctuating decay while an expansion has been found in the social sector expenditure on capital record during 2005-06 to 2020-21. It is seen that social sector expenditure in Mizoram is overwhelmingly on revenue account as wages and compensations and so forth, and a limited quantity is spent on the advancement of a physical framework for the social sector as capital expenditure establishes a minuscule extent of all-out social sector expenditure showing generally low significance given to interest in the social sector.

Table 2 portray public expenditure on social sector of Mizoram as an extent of net state domestic product just as an extend of total public expenditure. As an extend of NSDP, Mizoram is spending under 30% of its NSDP on the social sector during 2005-06 to 2020-21. The portion of NSDP brought about on social sector has ascended from 23.93 per cent in 2005-06 to its most significant level of 29.41 per cent in 2009-10 then it has declined imperceptibly to 17.75 per cent in 2020-21. Thus, the state is contributing around 17 to 30 per cent of NSDP towards social sector. It is seen that the middle's offer has demonstrated an expanding pattern with certain vacillations. In contrast, no significant changes have been found in the pattern of state

Table 2 : Social sector Expenditure (SSE) as percentage of Aggregate Expenditure and NSDP

Year	SSE as per cent of Total Public Expenditure			SSE as per cent of NSDP		
	SSE	Revenue	Capital	SSE	Revenue	Capital
1	2	3	4	2	3	4
2005-06	31.26	26.85	4.41	23.93	20.56	3.37
2006-07	32.74	27.15	5.59	24.28	20.14	4.14
2007-08	32.73	28.41	4.32	24.71	21.45	3.26
2008-09	34.27	31.06	3.21	25.69	23.28	2.41
2009-10	38.34	33.76	4.58	29.41	25.89	3.52
2010-11	34.01	30.86	3.15	26.76	24.28	2.48
2011-12	35.44	30.87	4.57	26.8	23.35	3.45
2012-13	35.59	31.37	4.22	28.84	25.41	3.43
2013-14	39	35.01	3.99	26.18	23.51	2.67
2014-15	37.61	32.84	4.77	24.02	20.97	3.05
2015-16	38.71	35.34	3.37	21.32	19.46	1.86
2016-17	36.6	32.22	4.38	20.57	18.1	2.47
2017-18	36.28	29.36	6.92	20.75	16.79	3.96
2018-19	39.43	31.3	8.13	22.44	17.82	4.62
2019-20	36.89	31.34	5.55	21.24	18.05	3.19
2020-21	38.77	32.96	5.81	17.75	15.09	2.66

Source: Computed from data in Accounts at a Glance, Government of Mizoram, 2006-07; 2009-10; 2013-14; 2019-20; 2020-21 Annual Financial Statement (Budget), Government of Mizoram, 2007-08 to 2022-23,

As a per cent of total public expenditure, Mizoram is spending around 31.25 to 39.50 per cent on the social sector, out of which revenue account contribute around 27 to 35.50 per cent. In comparison, the commitment of capital account goes from 3.15 to 8.13 per cent. The social sector expenditure as the level of total public expenditure shows an expansion of more than 24 per cent (from 31.26 per cent in 2005-06 to 38.77 per cent in 2020-21). This examination uncovers that social sector expenditure as far as the level of NSDP just as the level of total public expenditure has demonstrated an expanding pattern since 2002-06 till 2020-21.

In order to ascertain the direction in which public expenditure policies changes in the State Government, an attempt is also made to study the pattern of public expenditure for the last 16 years.

The trend in public expenditure of the state according to sectors viz., general services, social services and economic services has been examined for the last 16 years. During 2005-06 to 2020-21, the state government makes some changes in the public expenditure policy.

**Table 3: Sector-wise Public Expenditure**

Year	General Services	Social Services	Economic Services
2005-06	27.22	31.26	41.52
2006-07	29.37	32.74	37.89
2007-08	26.88	32.73	40.39
2008-09	28.48	34.27	37.25
2009-10	29.73	38.34	31.93
2010-11	25.79	34.01	40.2
2011-12	28.37	35.44	36.19
2012-13	27.97	35.59	36.44
2013-14	27.59	39	33.41
2014-15	27.72	37.61	34.67
2015-16	31.06	38.71	30.23
2016-17	30.05	36.6	33.35
2017-18	26.58	36.28	37.14
2018-19	29.81	39.43	30.76
2019-20	30.08	36.89	33.03
2020-21	33.96	38.77	27.27

Source: Computed from data in Accounts at a Glance, Government of Mizoram, 2006-07-2020-21 Annual Financial Statement (Budget), Government of Mizoram, 2007-08 to 2022-23,

The analysis indicates that the percentage increase in social sector is highest indicating that the government has been making an effort to extend and consolidate the social infrastructure by providing and improving education sector and public health sector so as to improve the productivity of the

people of the state. Range of fluctuations in social sector expenditure on revenue account and capital accounts of the state Government budgets has been analyzed and carried out the results. The ratio of the range of annual fluctuations or the coefficient of the scatter is shown in Table 4.

Table 4: Ratio of the Range and Percentage Relative Fluctuation

Sl.No.	Fluctuations in	Ratio of the Range	Percentage Relative Fluctuations	Rank
1	2	3	4	5
1	Revenue Expenditure	0.7124	71.24	1
2	Capital Expenditure	0.6312	63.12	2

From Table 4 it is clear that fluctuations on revenue expenditure are greater than those on capital expenditure. The ratio and percentage relative annual fluctuation calculated on revenue expenditure is higher than capital expenditure.

CONCLUSION

The stupendous increase in public expenditure in Mizoram is the result of the efforts undertaken for stabilization of the economy, effective utilization of the available resources with respect to human and natural resources. The rapid growth of population and its consequences of urbanization, the increase in public wants, expenditure towards economic development, rising prices, the rise of a modern state with the objectives of the attainment of social welfare are all the factors which have contributed towards the significant growth of public

expenditure in the state of Mizoram. It is believed that the trend in revenue expenditure will continue to increase in the near future and so, certain remedial measures to curtail expenditure or certain measures for the augmentation of tax revenue must be adopted because the State government will continue to play an important role in the process of economic development through certain various developmental and non-developmental plan expenditures.

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