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# A Study on New Developments and Changing Patterns in India's Public Expenditure

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**Abstract – This is a first study which looked at the specific examples of government expenditure on well-being and related territories in India in the past and connected them to the tracking of well-being outcomes. First, average rates of direct policy expenditure on well-being, family government support and infant welfare are foolishly small by international metrics, per individual, as well as a share of GDP. Government spending on well-being contributes to less than 1 per cent of GDP. This has indicated that households in India account for a disproportionately high and rising share of the weight of public resources, to the degree that they account for an increasing share of overall spending (nearly seventy-five per cent of the last year for which evidence is available). Like many countries, this is basically about cash-based prices, which are inherently backward. In comparison, the share of family unit spending expenditure on human services has also risen over a period of time, especially in regional areas where it currently accounts for almost 7 per cent of the family financial program in large part.**

**Keywords – Changing Patterns, Emerging Trends, Public Expenditure**

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## INTRODUCTION

The idea of legitimizing the examination of education from the viewpoint of monetary philosophy was focused on its immediate financial consequences. While it is widely accepted that the results of schooling are merely monetary in nature, the most important impacts of schooling are those that occur in money profits. Financial problems are part of schooling (Looking in the Territory) that is relatively youthful in financial matters, and has been a vital trend for decades to come. The majority of business observers have defined this by analyzing assets distributed to education, especially financial ones.

## CURRENT TRENDS IN PUBLIC EXPENDITURES ON EDUCATION

Among spending on social & social tasks and the nation's monetary development, there are links: a nation created in monetary terms will have enormous financial assets and will have the option of turning a large part of it into a fund for these activities; therefore, the sharing of education, well-being, culture, social security will stimulate people's preparation and ability to protect the sun.

Non-social operations are administrative agencies that make up national revenue, thereby demonstrating a competitive character (help in social

and financial development). For example, schools that are interested in the financial development of the quantity of qualified middle-level or higher, of various fame claims that move every year, so that they produce talented work. As the national economy of hardware, vitality, consumer goods, and so on, is satisfied in the parts of material production, as the economy requires talented work to prepare for education; so, it gives "production" of an unusual kind. This disperses fixed resources under constant modernization and repair and leads to improved output, existing and significant and improved profits for all these employees and the economy. In this way, in 1960, the UNESCO General Conference adopted objectives which, for the first time, dealt with education as a social and social force but also as a driver of monetary growth. At some point later, the World Bank decided at the General Assembly to consent to a loan covering education, in particular the creation of nations, underdevelopment, the use of their wealth, accessible common assets and the achievement of financial and social advancement. Another part of the impact of education on financial development is the "brain drain" (brain drain).

Last but not least, the unmistakable monetary influence of which is peremptory and usually easy to determine if the results of scholarly speculation

are multiple, non-financial, educational, human and extremely difficult to measure. Assessing the "benefit in human properties" of social-social investment is exceptional, a few developers find that only one of them should be used as an interest in human properties (those expected to carry out the material and technical assumptions of action, capital expenditure and part of current expenditure) and others view the theoretical notion of a specific human object operation oriented at them. These concerns are of specific significance when calculating productivity because they affect the calculation of 'pain.' In the primary case, only expenditure on the participation in private and social activities and part of the operating costs are regarded (e.g. for schooling, current expenditure on specialized education, political, technical expenditure and a share of 25%-half of current expenditure on specialized education, financial and skilled expenditure and a share of 25%). Interests in human resources are perceived to be the "allies" of policies that are supposed to maintain fair monetary production. They help to ease the most obviously terrible outcomes of poverty: sickness and unhealthiness, and give people a chance to change their day-to-day climate. The World Bank's annual report for 2012 shows that the interests of well-being, education, food, increase productivity and national monetary growth. It is clear that the accumulation of their monetary abilities and the depletion of human life make the desires of human resources a strong tool in the war against poverty. Form of hypothesis expenditure on healthcare, well-being, community and publicizing their care to the degree that they are successful regardless of their use. Social-social activities are, from one point of view, "consumer goods" that tackle specific problems (e.g., studying is feeding, fulfilling the scholarly needs by direct information that they absorb), and then again have a significant financial task, a contribution of the socio-social to create national income.

**Table 1 Contribution of human capital to GDP in developed countries**

	Pre-industrial times to 1900		Industrial maturity period				Period of modern economics	
			1920-1929		1954-1960			
USA	+	-	71	27	81	19	83	17
Western Europe and other developed countries	54	46	70	30	75	24	80	20

Note: columns 2,4,6 and 8 is the contribution of human capital to GDP columns 3,5,7 and 9 is the contribution of physical capital formation PIB

Source: Gary Becker – Human Capital, Publishing All, Bucharest, 1997, p.32

It must be remembered that, given the perception that change in the knowledge technology has been guided in the United States, this phase is only ongoing in a few developed nations (Japan, Canada and a few European nations created). The illustrative

model is Japan, which, in less than 50 years, has become one of the major players in the global economy in view of the extraordinary characteristics of human capital stock, which has become partitioned into a growing commitment and responsibility to work and the presence of a much-created system of preparation. Various investigations have shown that incongruities between different nations on the planet in terms of levels of development-quantified, typically by aberrations in GDP / capita-can be clarified by contrasts in factor enrichment and, in particular, in human capital blessing. In this sense, a few developers have discovered that the greatest gift element that occurs across nations resides in the massive differences in per capita education wealth.

Thus, if the coefficients of variety for GDP / capita and physical capital / capita are usually similar (1.21 and 1.24 individually), the human capital / producer coefficient of variety is higher (1.78). It is often a function when looking at extraordinary situations. The US has a GDP / capita more than 100 times higher than India, whereas the actual capital stock is relatively similar (10 times higher than the US). It can also be remembered that there are significant gaps between the two nations in that human resources spent in physical infrastructure has been measured at 44% in the USA, compared with just 6% in India.

**ROLE OF PUBLIC EXPENDITURE**

The relation between public spending and development depends on the quality of the spending. Public spending must be calibrated in order to meet the goals of prosperity and wealth while at the same time maintaining a watchful eye on total expenditure. Any of the main tasks are: improving people's quality of life.

- Distribution of capital in line with regional goals.
- Impacting I the desire to earn, save and invest; (ii) the obligation to hire, save and invest;
- (iii) the division of services as per various purposes (Dalton).
- Ensuring fiscal stability;
- Policy companies also need incentives or regulated markets to thrive.

**REASON FOR GROWTH OF PUBLIC EXPENDITURE**

- Higher tax rates, protection and subsidies.
- Civil service expenses have risen significantly as a consequence of the

adjustment of the wage rates, the health benefits and the liberalized system of insurance and other employment benefits.

- High population increase is often responsible for growing spending.
- State policy spending, in specific infrastructure expenditure, has rising exponentially.
- The pattern of the public expenditure management system in the initial phases emphasizes the need to maximize growth through higher capital allocations. The need for resources in the economic cycle contributes to further expenditure on the social field. Borrowed resources create a vicious cycle of debt, interest payments, deficits and additional debt while managing expenditure responsibilities.
- Growth of non-planned expenditure at the state level depends on the government of the state. Under the existing system of federal financial relations, the transfer of funds from the core to the state takes place through the Finance Commission and the Planning Commission, and such transfers affect the scale of the non-planned expenditure of the state governments. However, the impact of central transfers on the different components of non-planned expenditure has not been rigorously assessed.
- Extension of policy in the role of political bodies such as the Senate, increase in government involvement in nation building programs such as education and public welfare, rise in costs, etc. Both of which are accountable for increased spending on taxes by the central government.

**Trends In Public Expenditure:** Major Heads of Developmental and Non-Developmental

**Table 2: Expenditure of the Central Government**

(Rs. in Billion)

Year	Developmental Expenditure	Economic Services	Social Services	Non-Developmental Expenditure	Total Expenditure (2+5)
2003-04	1841.97	1038.20	220.07	2427.49	4269.46
2004-05	1954.28	1085.71	238.59	2432.98	4387.26
2005-06	2149.55	1150.30	299.06	2628.04	4778.60
2006-07	2290.60	1330.53	382.64	2906.77	5197.37
2007-08	2557.18	1427.72	437.62	3412.78	5969.96
2008-09	3256.70	1729.55	616.48	4007.28	7263.98
2009-10	4713.99	2732.22	897.97	4281.45	8995.44
2010-11	5262.42	3044.40	1026.28	5141.01	10423.43
2011-12	6650.59	4043.12	1249.90	5514.71	12175.40
2012-13	7112.76	4504.12	1077.56	6361.94	13474.70
2013-14	7767.11	4586.86	1292.57	7395.14	15152.25

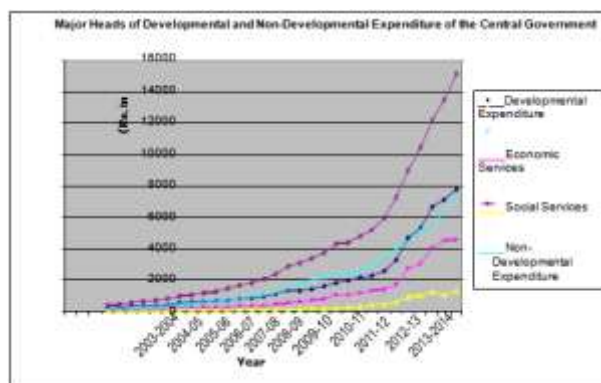
Notes: -

1. Data for 2012-13 are Revised Estimates and data for 2013-14 are Budget Estimates.

2. Total Expenditure and Developmental Expenditure of 2008-09 include an amount of Rs. 355.31 billion on account of transactions relating to transfer of Reserve Bank's stake in SBI to Central Government.
3. Data on development and non-development gross expenditure are inclusive of commercial and postal departments.

Source: Budget documents of the Government of India.

**Major Heads of Developmental and Non-Developmental Expenditure of the Central Government**



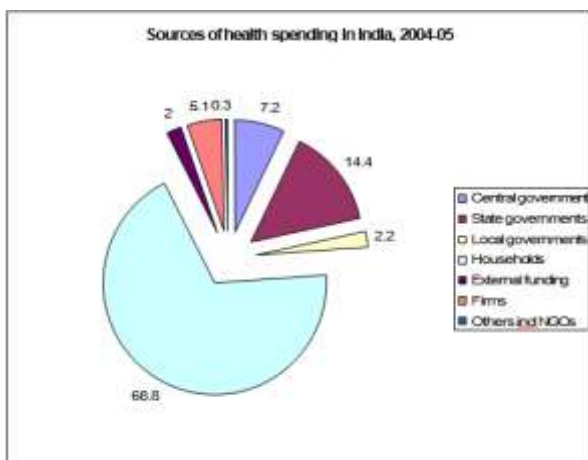
Public spending has increased exponentially since independence, and the trend and structure of public expenditure has shifted. The data set out in the table shows that the total expenditure increased from Rs. 377.1 bn in 2003-04 to Rs. 336856 bn and Rs. 15152.25 bn in the 2013-14 fiscal year (estimates). Increasing government involvement in economic life has contributed to a gradual rise in the proportion of growth spending on overall expenditure; however defense expenditure has also risen rapidly owing to the danger to India's stability. The table above also demonstrates the patterns. Food subsidies, fertilizers have become an essential part of the central government and, despite the government's repeated commitment to decrease them; they continue to rise year after year.

**PATTERNS OF HEALTH EXPENDITURE IN INDIA**

The first systematic review of the allocation of well-being spending in India through asset well-being was presented in the National Health Accounts of India, 2004-05. Results are shown in Chart 1 and confirm the perception across the board that private households account for most of the cost of well-being. According to this estimate, families paid for more than 66% of public welfare spending, and nearly multiple times the size of all government expenditure put together by central, state, and local governments. Managers (firms)

account for only 5 per cent, but what are particularly striking is the insignificant claims made by outside sources and others, including NGOs. Notwithstanding the detailed increase in the foreign guide to HIV-AIDS management and comparative issues, every single outer source taken together accounted for only 2 per cent of total well-being expenditure<sup>1</sup>, while NGOs accounted for only 0.3 per cent. Later gauges suggest that household jobs have increased considerably over the last period. According to the 2014 Report of the National Commission on Macroeconomics and Wellbeing, households accounted for almost three-fourths of all national welfare spending. Public spending was only 22 per cent, and every other outlet was less than 5 per cent. As Table 2 reveals, both per capita and household spending have typically increased across nations. Per capita spending in the state with the highest levels (Goa) is about multiple times that of per capita spending in the state with the lowest per capita expenditure (Meghalaya). Interestingly, the share of family unit expenditure in Meghalaya is the lowest, but it was among the most notable in Bihar, with moderately low per capita spending. There are many countries in which households are trying to spend more than 80 per cent of all well-being, showing an exceptionally high weight on them.

Chart 1: Sources of health spending in India



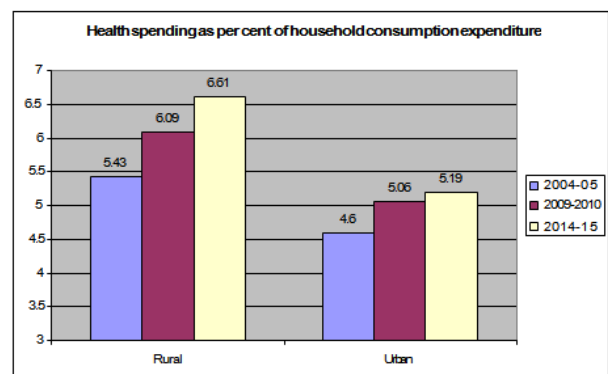
This must be remembered that this pattern is strongly distorted by international norms. As is already clear from Table 1. In developing nations, the percentage of public investment in overall health expenditure ranges from around half (in the United States) to more than four-fifths (in certain European Union countries). Particularly in the developed countries, the ratio is 2:1 between public and private health spending. The extraordinarily high strain imposed on households in the Indian context represents the shortage of consistency and quantity of public health resources received. While there is no very strong trend, in general, the pressure on families tends to be higher where public expenditure is also small. This is further discussed in the final segment on safety consequences.

Table 3: Health care spending in India, 2013-14

State	Per capita expenditure (Rs.)	Per cent spent by		
		Household	Public	Other
Andhra Pradesh	1118	73.4	19.4	7.2
Arunachal Pradesh	4365	86.5	13.5	0
Assam	1347	80.8	17.8	1.4
Bihar	1497	90.2	8.3	1.5
Delhi	1177	56.4	40.5	3.1
Goa	4564	79.2	17.5	3.3
Gujarat	1187	77.5	15.8	6.7
Haryana	1786	85	10.6	4.4
Himachal Pradesh	3927	86	12.4	1.6
Jammu & Kashmir	2082	77.3	20.7	2
Karnataka	997	70.4	23.2	6.4
Kerala	2952	86.3	10.8	2.9
Madhya Pradesh	1200	83.4	13.6	3
Maharashtra	1576	73.3	22.1	4.6
Manipur	2068	81.2	17.2	1.6
Meghalaya	664	36.5	58.4	5.2
Mizoram	1027	39.4	60.6	0
Nagaland	5338	91.7	7.6	0.7
Orissa	995	79.1	18	2.9
Punjab	1813	76.1	18	5.9
Rajasthan	808	70	24.5	5.5
Sikkim	2240	56.9	43.1	0
Tamil Nadu	933	60.7	26.6	12.7
Tripura	1101	69	27.4	3.6
Uttar Pradesh	1152	84.3	13	2.7
West Bengal	1188	78.4	17.3	4.3
Union Territories	598	85.1	8.8	6.1
<b>All India</b>	<b>1377</b>	<b>73.5</b>	<b>22</b>	<b>4.5</b>

This division of public and private spending represents a steady rise in household expenditure on health care. Chart 2 reveals that health spending has steadily increasing as a proportion of overall household consumption. The rise was particularly significant in rural areas, where health now accounts for almost 7 % of total household spending expenditure. That, in fact, is expected to represent three distinct trends: a higher insurance value where even disadvantaged families are prepared to pay and accumulate debt to maintain adequate health care; a decline in the efficiency and distribution of, and thus limited exposure to, affordable public health services; and an rise in product costs and other significant market prices, even in public health.

Chart 2: Health spending as per cent of household consumption expenditure, 2004-05 to 2014-15



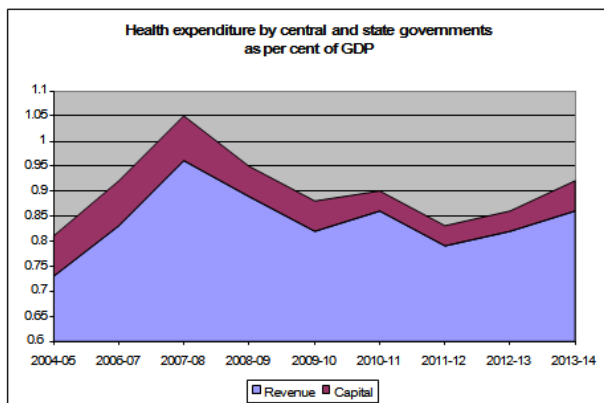
Source: NSSO Surveys of consumption expenditure, 50th, 55th and 61st Rounds.

Residents' weight is especially strong in view of the reality that, although families have the worst part of total national healthcare expenditure, universal health care services are non-existent or badly created. And, as mentioned above, bosses (both public and private) are relatively low in terms of healthcare expenditure, and because of the reality that more than 90 per cent of Indian employees have "informal" or dysfunctional status, there is hardly any hope of ensuring that companies bear part of the expense of health care in any case. As a consequence, the incidence of mishap or severe disease involving hospitalization has had an exceptional effect on the households of those impacted, particularly among poor households.

**Central government health expenditure**

Among the most visible measures of the lack in public welfare expenditure in India is the incredibly small volume of such funding relative to GDP. Government welfare expenditure in developing nations, especially those with aging populations, is around 5 per cent or more of GDP. Indeed, even in Asia's nation-building countries outside India, the average is about 3 per cent of GDP. This makes it very significant that India, which is currently internationally recognized as a financial powerhouse and one of the examples of overcoming the adversity of global monetary growth in the past decade, has government welfare expenditures of less than 1 per cent of GDP. Furthermore, this percentage is not only weak globally, but also weak relative to previous practice. As Chart 3 indicates, back in the mid-1980s, the total health spending of the focal and state governments was more than 1 per cent of GDP, but now it is just around 0.9 per cent. It's all fallen As small as about 0.8 per cent in 2004-05. In fact, it is tremendous that tax spending (basically the allocation of pay rates) is taken up to a larger degree than capital investment in order to establish a genuinely necessary physical base.

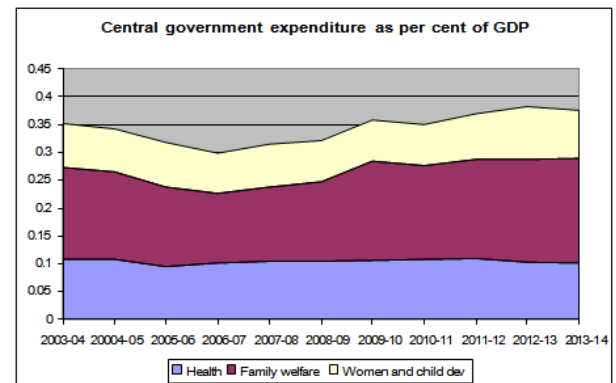
**Chart 3: Health expenditure of central and state governments as per cent of GDP**



The ratio of central government expenditure to overall government expenditures is reportedly approximately 1:2. In the last decade, as seen in

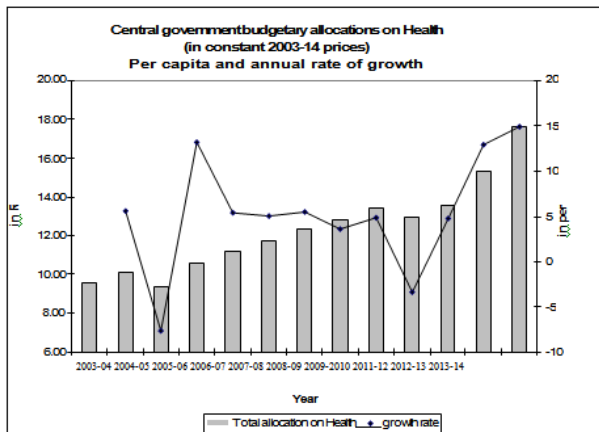
Chart 4, central government spending on health and related fields has been fairly stable at about 0.35% of GDP, with a marginal decrease in the mid-2014 and a slight rise in the very recent era. Health spending alone has remained absolutely stable at just 0.1% of GDP. There has been a small rise in social care spending, including some spending on sexual health. However, as a share of GDP, spending on women and child welfare stayed fairly stable. This is odd, because the last group is occupied by the ICDS. The Government has been directed by the Supreme Court to universalize the ICDS to include all dwellings and Provide one anganwadi per 1000 people, which will entail a very significant rise in spending. As will be shown later, such extra spending has not yet been incurred by the central government.

**Chart 4: Central government health expenditure as per cent of GDP**



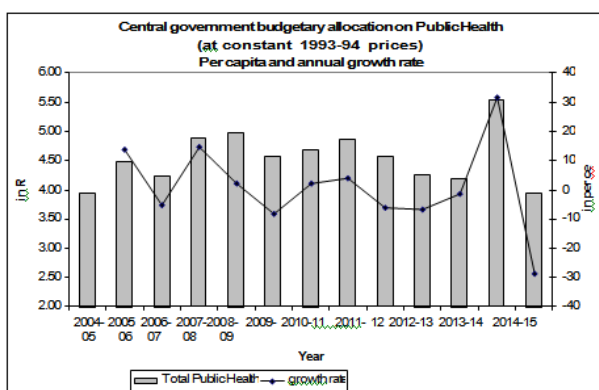
Whereas the central government's health expenditure was low and relatively stable as a share of GDP, there has been some slight improvement in real per capita terms. Chart 5 shows that the central government's real per capita spending was broadly constant in the mid-2004 but slightly increased from 2006 to 2010. It stayed flat until 2014 (actually seeing an total decrease in numerical terms in 2013-14), but has subsequently seen an improvement over the last two years. It is likely to increase further in the current budgetary year as a result of the anticipated expenditure on the National Rural Health Mission. Even so, the rise is very modest and entails central government spending on health, which is not just far below the requirements of comparable developed nations, but also below the sums needed to offer minimally appropriate rates of health coverage for the whole population.

**Chart 5: Central government spending on Health, real per capita and growth rate**



Nevertheless, there continues to be a reduction in the share of spending dedicated to public health. Chart 6 reveals that public health spending has stagnated since 2003-2004 but for one year (2013-14) and that there has been a significant decrease in public health spending per household in the last five years. This should be remembered that this has happened following a substantial improvement in the funding allocations to the National Aids Control Organization, which accounted for 37% of all spending on public health by the central government in 2015-16. This meant a reduction in the budgetary resources available (especially in terms of per capita) to coping with A variety of other significant infectious diseases and also non-communicable diseases such as trachoma & blindness management.

**Chart 6: Central government spending on Public Health, real per capita and growth rate**



Health teaching and study are a significant field of public health spending, and is the primary duty of the central government. Here, too, per capita consumption has only risen gradually since the 2003, although some growth has been seen in recent years. However, it may be claimed that this is an environment in which much greater public expenditure is needed and must inevitably be pursued by the central government. There are two important explanations for this, especially in the field of medical science. First, foreign experience has shown that most of the scientific work conducted in

the world, primarily by major global corporations and laboratories located in developing countries, is not so much concerned with certain medicines and therapeutic treatments that are of specific interest to poor countries or unique contexts such as India. For e.g., of the more than 2,000 medicines approved in the developing world in the past decade, just 4 apply to tropical diseases. It is therefore important for countries such as India to channel greater sums of public money into specific medical science to be utilized domestically and in similar circumstances in developing countries. Second, recent regulations that made the Indian patent law TRIPs compliant also entailed a substantial reduction in the technological capability of several Indian companies who have focused their development on reverse engineering processes. It is also important to improve the technical advancement potential of Indian companies, which once again needs public expenditure. Consequently, in this current sense, the rates of public spending shown in Chart 7 tend to be shockingly insufficient.

**CONCLUSION**

Growth of non-planned spending at the state level depends on the policy of the state. In the current structure of federal financial ties, the movement of funds from the core to the state takes place via the Finance Commission and the Planning Committee, and these transfers affect the scale of the non-planned spending of the state governments. However, the effect of central transitions on the various components of non-planned spending has not been rigorously evaluated.

An evaluation of the costs and constraint on financing and efficiency costs of different types of revenue is likely to cultivate a culture of accountability by ensuring that spending programs will be examined in terms of both their social benefits and social costs.

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