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An Analytical Assessment of Social Sector Expenditure and Human Development in Maharashtra

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Abstract

This study investigates the correlation between social sector expenditure and human development indicators within the state of Maharashtra, examining how fiscal allocations translate into measurable improvements in public welfare. Despite Maharashtra's position as a prominent economic hub, regional disparities in health and education outcomes persist, necessitating a rigorous assessment of budgetary effectiveness across various social domains. By analyzing longitudinal data on government spending against key human development metrics, including literacy rates, maternal and infant mortality, and access to basic amenities. this research identifies both the successes and the systemic bottlenecks hindering equitable growth. The findings highlight that while increased funding is a critical precursor to development, the quality of service and the targeted nature of these investments are equally vital for ensuring that rural and marginalized communities benefit proportionally. Ultimately, this assessment offers insights into optimizing fiscal policy to foster a more inclusive developmental trajectory, emphasizing the necessity of integrated governance to bridge the gap between financial inputs and human well-being.

Keywords: *Social Sector Expenditure, Public Expenditure, Human Development, Maharashtra, Public Finance, Budgetary Allocation, Inclusive Growth, Social Equity etc.*

Introduction

Social sector expenditure constitutes a vital component of public finance that promotes human development and supports sustainable socio-economic progress, particularly in a diverse and rapidly developing state like Maharashtra. It includes government spending on key sectors such as education, healthcare, social welfare, housing, sanitation, and other essential public services that contribute significantly to improving the quality of life. Investment in these sectors enhances human capabilities by increasing literacy levels, improving health outcomes, extending life expectancy, and strengthening the productivity and employability of the workforce.

As one of India's most economically advanced states, Maharashtra places considerable emphasis on social sector expenditure to achieve inclusive growth and balanced regional development. Adequate public investment in these sectors plays a crucial role in reducing poverty, minimizing socio-economic disparities, and ensuring that the benefits of economic growth reach all sections of society. Although the state has consistently increased budgetary allocations for social sector programmes over the years, concerns remain regarding the efficient utilization, equitable distribution, and effective implementation of these financial resources, particularly in rural, tribal, and economically backward regions. Therefore, a comprehensive analysis of social sector expenditure is essential to assess its contribution to human development and social equity in Maharashtra. Such an assessment is critical for sustaining long-term inclusive development and strengthening the state's human development achievements.

Objectives of the Study:

1. To examine the pattern of social sector expenditure in Maharashtra.

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2. To analyse the utilization of government expenditure on major social sectors such as education, health, social welfare, housing, and sanitation.
3. To suggest suitable policy measures for improving the effectiveness and efficiency of social sector expenditure in Maharashtra.

Hypotheses of the Study:
1. There is a significant relationship between social sector expenditure and human development indicators in Maharashtra.
2. Social sector expenditure has a significant positive impact on inclusive socio-economic development in Maharashtra.

Research Methodology:

The present study is based on a descriptive and analytical research design to examine the pattern, trends, and developmental implications of social sector expenditure in the State of Maharashtra. The present study is based entirely on secondary data collected from authentic sources. The data have been obtained from the Budget Documents and Economic Survey of Maharashtra, publications of the Reserve Bank of India (RBI), Ministry of Statistics and Programme Implementation (MoSPI), National Statistical Office (NSO), NITI Aayog, and the Census of India.

Limitations of the Study
1. The study is based on secondary data obtained from published sources.
2. The analysis is confined to the State of Maharashtra and may not be generalised to other states.
3. The study covers only the major social sector components.

The pattern of social sector expenditure in Maharashtra:

The pattern of social sector expenditure in Maharashtra is marked by a strong focus on cash transfer schemes and committed expenditures, both of which place considerable pressure on the state's fiscal resources. A notable feature of recent budgets is the allocation made to the "Mukhya Mantri Mazi Ladaki Bahin Yojana," a major cash transfer programme that accounts for a significant share of the state's revenue receipts. While this demonstrates the government's commitment to providing direct financial assistance, it operates within a broader fiscal framework where a substantial portion of revenue is allocated towards committed liabilities such as salaries, pensions, and interest payments, which together constitute more than half of the state's revenue receipts.

With regard to major social services, the state's budgetary pattern exhibits variations in allocations across sectors such as health and education. In recent budget periods, capital outlay on health and social infrastructure has experienced fluctuations, occasionally leading to lower expenditure in these sectors as the government seeks to balance competing fiscal priorities. At the same time, expenditure on education, sports, and culture continues to remain significant in order to support institutional development and public service delivery. However, the overall expenditure pattern continues to be shaped by the need to manage the revenue deficit and maintain fiscal discipline in accordance with the provisions of the Maharashtra Fiscal Responsibility and Budget Management Act. As a result, social sector expenditure in the state is increasingly influenced by a combination of welfare-oriented cash transfer programmes and substantial committed expenditures, thereby limiting the government's flexibility to considerably expand investment in capital-intensive social infrastructure projects.

Social Sector Expenditure in Maharashtra: Table No. 1.1 presents the sector-wise budgetary allocation of the Government of Maharashtra for the years 2022-23 to 2024-25.

Table No. 1.1
Social Sector Expenditure in Maharashtra

Sector	2022-23	2023-24	2024-25
Education, Sports, Arts, and Culture	81,560	97,200	98,985
Transport	37,775	41,041	42,415
Agriculture and Allied Activities	34,079	42,016	35,859
Social Welfare and Nutrition	20,677	28,364	32,754
Police	20,072	24,050	29,338
Health and Family Welfare	20,387	30,630	27,748
Welfare of SC, ST, OBC, and Minorities	20,025	28,879	26,967
Rural Development	16,708	25,424	23,782
Urban Development	18,349	31,082	22,759
Irrigation and Flood Control	13,431	18,907	21,428

Source: Annual Financial Statement and Budget Estimates, Finance Department, Government of Maharashtra

The data indicating the government's priority towards human resource development. Allocations for Transport, Social Welfare and Nutrition, Police, and Irrigation and Flood Control increased over the period. However, Agriculture and Allied Activities, Health and Family Welfare, Urban Development, and Welfare of SC, ST, OBC, and Minorities recorded a decline in 2024-25 compared to 2023-24. Overall, the budget reflects the state's emphasis on education, social welfare, and infrastructure development while maintaining balanced sectoral allocations.

Table No. 1.2
Major Welfare Schemes and Budget Allocation

Scheme / Sector	Budgeted Allocation (₹ Crore)
Mukhya Mantri Mazi Ladaki Bahin Yojana	26,500
Agriculture & Irrigation	35,859
Education, Sports, Arts & Culture	98,985
Rural Development	30,000
Health and Family Welfare	27,748
Welfare of SC/ST/OBC/Minorities	44,873

Source: Maharashtra Finance Department & the PRS Legislative Research portal.

Above table presents the budgetary allocation for major welfare schemes and sectors in Maharashtra. Education, Sports, Arts & Culture received the highest allocation of ₹98,985 crore, reflecting the government's strong commitment to human capital development. This was followed by Welfare of SC/ST/OBC/Minorities with ₹44,873 crore and Agriculture & Irrigation with ₹35,859 crore. Rural Development was allocated ₹30,000 crore, while Health and Family Welfare received ₹27,748 crore. The Mukhya Mantri Mazi Ladaki Bahin Yojana was allotted ₹26,500 crore, indicating the state's emphasis on social welfare and financial assistance to women.

Utilization of Government Expenditure:

A sector-wise analysis of public welfare expenditure highlights that each social sector faces distinct challenges in the effective utilization of allocated funds. While some sectors experience delays in procurement and execution of capital projects, others are affected by rising recurring expenditures and inefficiencies in the targeting of beneficiaries. Therefore, higher budgetary allocations do not always lead to proportional improvements in human development outcomes.

1. **Education Sector**: In the **education sector**, expenditure is largely concentrated on revenue items such as teachers' salaries, employee benefits, and administrative expenses, leaving comparatively fewer resources for capital investments aimed at improving educational quality. Although enrolment levels have increased significantly, challenges remain in enhancing learning outcomes, digital infrastructure, laboratory facilities, and teacher training. Delays in the release and utilization of funds under centrally sponsored schemes also affect the timely implementation of educational development programmes.
2. **Health Sector:** In the health sector, budget utilization is constrained by delays in the execution of infrastructure projects and an imbalance in expenditure patterns. A considerable share of public spending is directed towards tertiary and urban healthcare facilities, while primary and preventive healthcare services continue to receive comparatively limited attention. As a result, despite increasing budget allocations, improvements in healthcare accessibility and the reduction of out-of-pocket expenditure for citizens remain limited.
3. **Social Welfare Expenditure**: The effectiveness of social welfare expenditure, including pensions, maternity benefits, and social security schemes, depends largely on the efficiency of beneficiary identification and fund distribution mechanisms. The implementation of Direct Benefit Transfer (DBT) systems and digital identification has improved transparency and reduced leakages. However, exclusion errors, inadequate documentation, and limited digital access among vulnerable groups continue to restrict the full realization of welfare benefits. Additionally, the growing financial commitment towards welfare pensions places increasing pressure on state finances, reducing the availability of resources for developmental investments.
4. **Housing Sector:** In the **housing sector**, the utilization of public funds is closely associated with the progress of construction activities. Financial assistance is generally released in phases linked to construction milestones, promoting greater accountability. Nevertheless, delays in land acquisition, statutory approvals, and beneficiary identification often slow project implementation, resulting in postponed

completion of housing projects despite adequate budgetary allocations.
5. **Sanitation and Drinking Water**: Expenditure on sanitation and drinking water has primarily focused on expanding infrastructure through the construction of sanitation facilities and rural water supply systems. Although capital expenditure in this sector has shown satisfactory utilization, inadequate funding for operation, maintenance, and water quality monitoring often affects the long-term sustainability of these assets. Consequently, the effectiveness of expenditure should be assessed not only by the creation of infrastructure but also by its continued functionality and contribution to improved public health outcomes.

Measures for Improving the Effectiveness and Efficiency of Social Sector Expenditure in Maharashtra:

1. Adopt outcome-based budgeting to ensure that expenditure is linked with measurable social and developmental outcomes.
2. Strengthen monitoring and evaluation mechanisms through regular performance reviews and social audits to improve accountability.
3. Enhance digital governance systems for real-time tracking of fund allocation, utilization, and implementation of welfare schemes.
4. Ensure timely release and utilization of funds to avoid delays in the execution of social sector programmes.
5. Increase investment in rural, tribal, and economically backward regions to reduce regional disparities in access to education, healthcare, and social welfare services.
6. Improve coordination among government departments to avoid duplication of expenditure and promote efficient delivery of public services.
7. Expand the use of Direct Benefit Transfer (DBT) to minimize leakages and ensure that benefits reach eligible beneficiaries promptly.
8. Encourage public participation and social audits to enhance transparency and strengthen accountability in programme implementation.
9. Allocate greater resources for healthcare, education, sanitation, and skill development to improve long-term human development outcomes.
10. Conduct periodic impact assessments of major social welfare schemes to evaluate their effectiveness and make evidence-based policy decisions.

Conclusion:

Social sector expenditure plays a pivotal role in promoting inclusive growth and improving the quality of life in Maharashtra. Government investment in education, healthcare, social welfare, rural development, and other social services contributes significantly to human development by enhancing access to essential public services and reducing socio-economic disparities. Although the state has consistently allocated substantial financial resources to these sectors, the effectiveness of expenditure depends not only on the amount allocated but also on its efficient utilization, equitable distribution, and timely implementation.

The study highlights that while Maharashtra has made considerable progress in expanding social sector spending, challenges such as implementation delays, regional imbalances, infrastructure gaps, and monitoring inefficiencies continue to affect the achievement of desired developmental outcomes. Strengthening governance, adopting outcome-oriented budgeting, enhancing transparency, and ensuring regular evaluation of welfare programmes can improve the overall efficiency of public expenditure. In conclusion, sustained and well-managed social sector expenditure is essential for achieving balanced and inclusive socio-economic development in Maharashtra. A strategic approach to planning, resource allocation, and performance monitoring will enable the state to maximize the impact of public investment and ensure that the benefits of development reach all sections of society.

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Conflicts of interest

The authors declare that there are no conflicts of interest regarding the publication of this paper.

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