



Impact of COVID-19 on the expenditure pattern in social services in Tamil Nadu (2018-19 to 2024-25)

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Abstract: The paper examines the trends, rate of growth, and impact of COVID-19 on public expenditure on social services and within sub-sectors in Tamil Nadu, covering the period from 2018-19 to 2024-25. Finding reveals that from 2018-19 to 2024-25, the quantum of expenditure on social services has increased significantly, showing a robust commitment to human development and social equity, with a clear emphasis on addressing critical societal needs. Social services consistently accounted for the largest share of the budget for total expenditure. Per capita expenditure on social services also rose significantly, outstripping the total state budget's per capita growth. This signals a stronger focus on delivering tangible benefits to citizens, particularly the vulnerable. Within social services, education, sports, art, and culture appeared as the dominant sub-sectors, reflecting sustained investment in human capital. Particularly during and after the COVID-19 pandemic "social welfare and nutrition", "water supply, sanitation, housing, and urban development" and "health and family welfare" saw a remarkable increase, driven by relief measures like free ration and poverty alleviation programs during the pandemic growth also highlighting efforts to modernize urban infrastructure and ensure public hygiene, especially during COVID-19, health and family welfare significant spike address healthcare demands like hospital beds and vaccination drives. Welfare for SC, ST, and OBC and labour welfare experienced moderate growth, although the pandemic showed a switch in funding from these areas to more pressing needs, such as buying food. In summary, Tamil Nadu's expenditures in these conditions prove a moderately managed urgency associated with the pandemic response and the long-term development goals of the state. The balanced growth in social services expenditures, especially those dedicated to education, social welfare, and urban services, confirms the state's charter to enhance its Human Development Index and achieve sustainable and fair growth.

Keywords: Social Services, Covid-19, Per capita Expenditure.

1. INTRODUCTION:

The budget is the financial blueprint of any government which distributes the resources to each sector. Budget offers insights into the developmental priorities of any government. Tamil Nadu is one of the most progressive states in India and has worked to ensure balanced growth through the fair allocation of funds for general, social, economic services, and assistant grant & contribution. General services include preserving law and order, administering justice, and public administration, all with a view to creating a neutral and stable climate for public life through sound governance, judiciary, and law enforcement structures. Social services lead to human development through investment in education, health and welfare, water supply and sanitation, housing and urban development, information & broadcasting, welfare of SC, ST & OBCs, labour and labour welfare, and others. This is leading to better living standards and the establishment of social equity, for example, free education, public healthcare, and welfare schemes. Economic services create financial growth and expansion, they promote infrastructural and agricultural advancement, industrialization, and trade in raising the efficiency of the economy through the enhancement of infrastructure such as roads, air and seaports, irrigation, industrial hubs, and Agricultural practices. Assistant grant and contribution sector consists of the funds and aid offered by the government to help various public and private initiatives. Typically, grants and contributions enable projects, programs, and policies aimed at strengthening governance, social welfare, and economic development. These measures are taken by the government in order to ensure the citizens towards equitable development in their socio-eco activities. The Government of Tamil Nadu has consistently funded education, health, urban development, and welfare, and it has been instrumental in pushing the social sector forward in the state and



steadily advancing improvements on the Human Development Index. They could only do that by funding them through public expenditure, so it is vital to understand and analyze trends in budget spending over time. The study will be useful to understand the composition, trends, and rate of growth in social sector expenditures in Tamil Nadu between 2018–19 and 2024–25, and the spending distribution taking account of the COVID-19 pandemic. The goal of the research is to analyze the publicly available state budget records to help identify points of potential policy changes, examine the differential effectiveness of government spending, and explain how state priorities regarding inclusive and equitable growth transformed during the COVID-19 pandemic and have continued to play out following it.

2. OBJECTIVES

The objectives of this paper are:

- Bifurcation of total state expenditure in Tamil Nadu (in different Sectors).
- To identify the share of sub-sectors in social services expenditure in the state.
- Analyze the Per-Capita Expenditure of the Social Services sector in Tamil Nadu.
- To find out trends in Tamil Nadu expenditure during COVID-19.

3. BIFURCATION OF TOTAL STATE EXPENDITURE OF TAMILNADU:

The overall state expenditure is divided into four main constituents: general services (e.g., administration, law enforcement), social services (e.g., education, health, welfare), economic services (e.g., agriculture, infrastructure, industry), and assistant grants and contributions (e.g., grants to local bodies).

Table-1

Pattern of Tamil Nadu's State Expenditure					Amount in (crores)
Year	General Services	Social Services	Economic Services	Assistant grant and Contribution	Total State Expenditure
2018 -19	73546	79210	60354	14880	227989
2019-20	79437	80616	64347	15688	240089
2020- 21	80139	102222	75147	15796	273305
2021- 22	85935	105806	83451	19489	294682
2022- 23	100457	107850	98523	19926	326755
2023- 24 RE	116178	127543	101136	24394	369251
2024-25 BE	131286	146966	109435	24817	412504

Source: Computed by Author using Tamil Nadu State Budget, Annual Financial Statements.

Tamil Nadu's expenditure growth in Tamil Nadu's expenditures, like the growth across all the sub-sectors, has been notable and considerable, as shown in table 1, The total state expenditure grew from Rs. 2,27,989 crores to Rs. 4,12,503 crores, or approximately 81%, over the years from 2018-19 to 2024-25 all of which show an increase in expenditure on the part of government expenditure. The overall state expenditure in Tamil Nadu increased from 2018-19 to 2024-25 by 1.81 times, which implies a compound annual growth rate (CAGR)¹ in the yearly level of approximately 10.4%. Year on year growth fluctuated, with the highest of at 13.83% in 2019-20 and the lowest of at 5.31% in 2018-19. There has been a sizeable rise in the 2020-21 expenditures, at Rs2,73,305 crore, which is an increase of 13.8% from 2019-20, which was also during the COVID-19 pandemic when the government had mobilized the money. COVID-19 has shaken economies and public spending since the early part of 2020. Before COVID-19 (2018-19 to 2019-20), total state spending increased from Rs

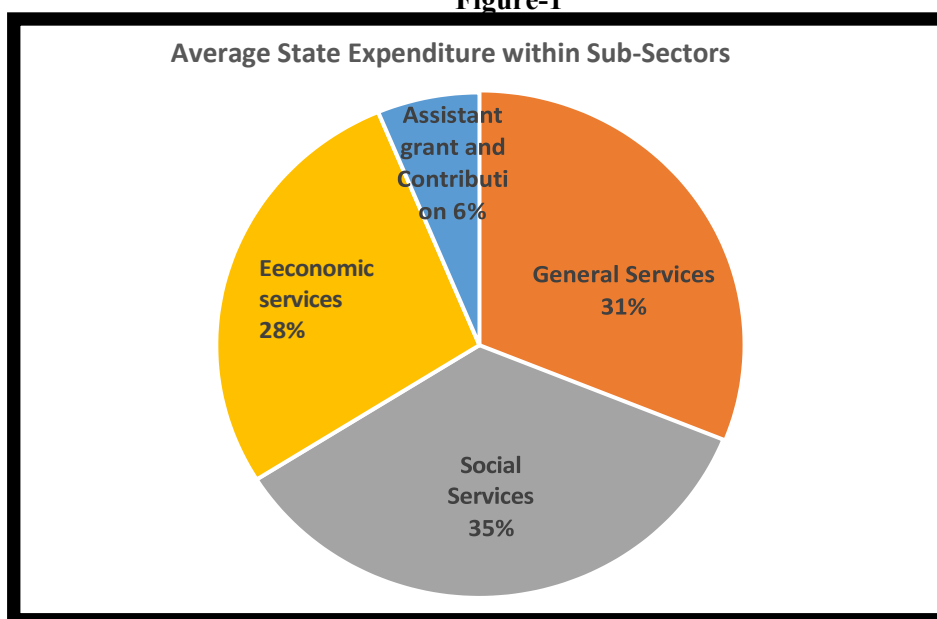
¹ [(Ending Value / Beginning Value) ^ (1 / Number of Years)] - 1



227,989 crore to Rs 240,089 crore, a modest increase of approximately 5.3%. This is regular budgetary growth before the COVID-19 pandemic. During the COVID-19 planned increase (2020-21), total spending increased from Rs 240,089 crore to Rs 273,305 crore, a dramatic yearly increase of 13.8% from 2019-20, before spending fluctuated. This increase is reflective of prior year spending increase, especially at the onset of the COVID-19 pandemic, and bolstered public spending on health emergencies, economic shocks, and relief packages.

The fastest growing sub-sectors related to general services, social services, economic services, and grant and contribution grew 1.79, 1.86, 1.81, and 1.67 times, respectively. The average expense for 2024-25 for general services (Rs. 95283 crore), social services (Rs. 107173 crore), economic services (Rs. 84628 crore), and grant and contribution (Rs. 19284 crore). The expenditure trend related to general services grew from Rs 73546 crore in 2018-19 to Rs 131286 crore in 2024-25 at a Compound Annual Growth Rate (CAGR) of approximately 10.1%. Expenditures for social services (which include education, health, and welfare) grew from Rs 79210 crore in 2018-19 to Rs 146966 crore in 2024-25 at a CAGR of 10.8%. Expenditures for economic services (which include agriculture, infrastructure, and industry) grew from Rs 60354 crore in 2018-19 to Rs 109435 crore in 2024-25 at a CAGR of 10.4%. Expenditures for grants and contributions (e.g., grants to local governments) grew from Rs 14880 crore in 2018-19 to Rs 24817 crore in 2024-25 with the CAGR of 8.9%. Total expenditure shows consistent year-on-year growth, with no declines, showing a healthy expansion. Social services have seen the highest growth rate and a slight increase in share, especially in post-2020, driven by health and welfare needs during and after the pandemic. Tamil Nadu's state expenditure has grown strongly from 2018-19 to 2024-25, with a clear emphasis on Social Services, particularly post-2020. The proportional allocation is still stable, with social services gaining slight prominence. This reflects both the increasing fiscal expenditure of the government as well as shifting priorities in governance. During the COVID-19 pandemic, the government increased funds for social services such as health and family welfare, water supply, sanitation, housing & urban development, and social welfare and nutrition.

Figure-1



Source: Computed by Author using Tamil Nadu State Budget, Annual Financial Statements.

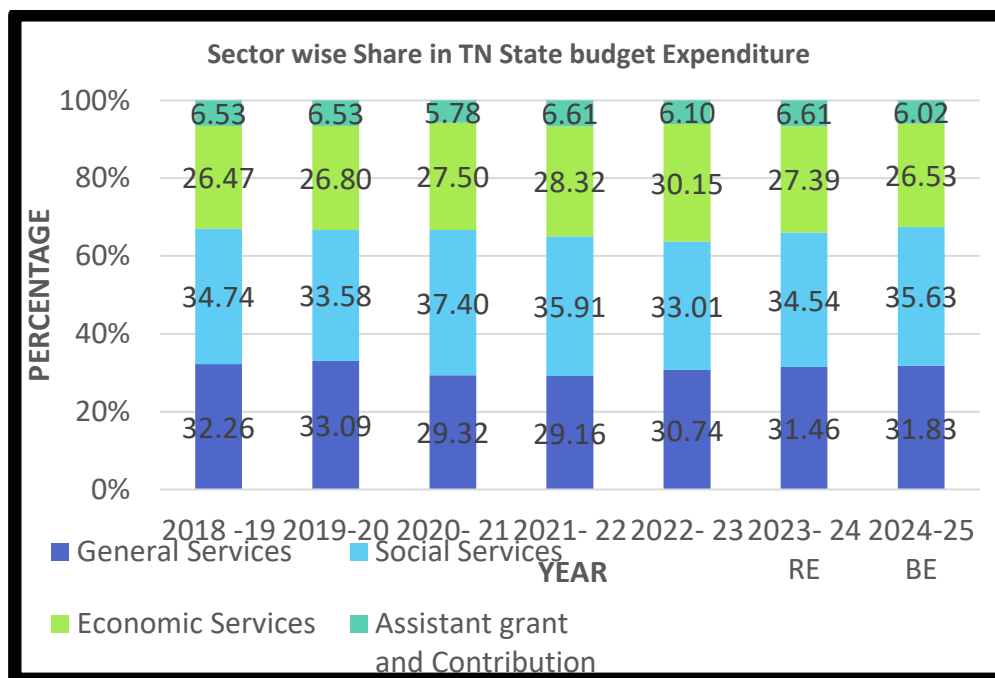
As shown in Figure 1, the overall spending on general services, social services, economic services, and assistant grants and contributions accounts for 31, 35, 28, and 6 percent, respectively.

It is clear from Figure 2 that whenever the social services share rises general services share and the assistant grant and contribution are decreasing, while social services have registered the highest share, but it depicts fluctuation year by year. During 2018-19 to 2024-25 annual growth rate of share is high in social services (0.42 percent), while it is just 0.04 percent in economic services and negative in general services and assistant grant and contributions. The proportional allocation across categories stays relatively stable, with general services (31-32%), social services (34-36%), economic services (26-28%), and assistant grants (6-6.5%). The point in social services in 2020-21 reflects crisis-driven spending. Whereby social services have the largest share (35%) of total expenditure. The pattern of expenditure shows overall increasing expense in social services from Tamil Nadu in 2018-19 to 2024-25, a stable though quite sizeable proportion for general services with 31%, and an ever fluctuating yet impactful contribution about economic services with 28%, assistant



grant and contribution, though this is the smallest segment of total expenditure, with an average share of only 6%, this part of expenditure assumes critical importance in strengthening local governance institutions and targeted welfare schemes.

Figure-2

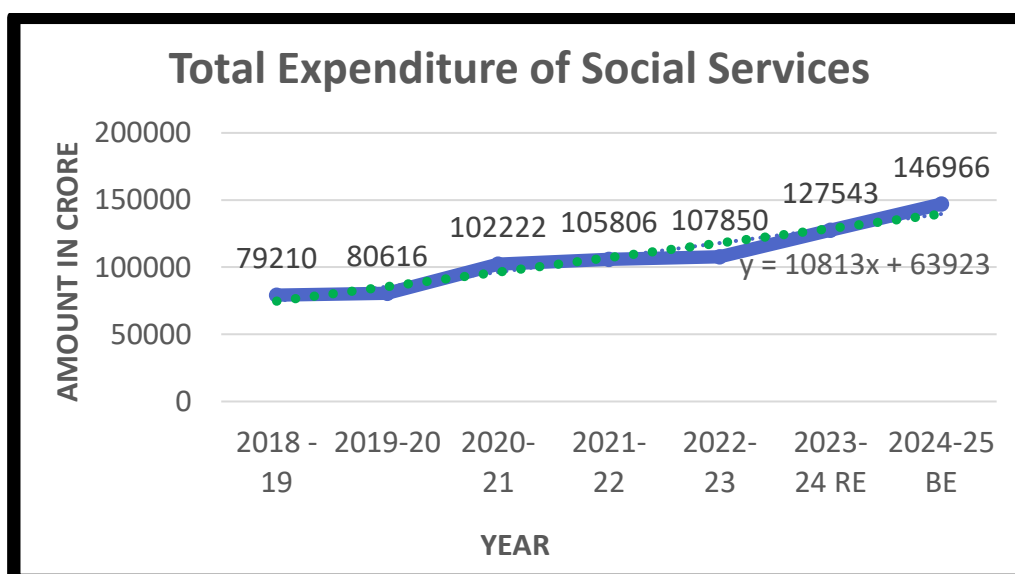


Source: Computed by Author using Tamil Nadu State Budget, Annual Financial Statements.

Social Services Expenditure

Social services are essential public services provided by the government to improve the well-being and development of people and communities. The intention is to correct unevenness, provide access to essential things, and promote social justice through addressing issues such as health, education, housing, and welfare. Social services are especially important to improve the quality of life for populations that are vulnerable and marginalized. The social services sub-sectors have a range of services dealing with matters of education, sports, art & culture, health & family welfare, water supply, sanitation, housing & urban development, information & broadcasting, SC, ST, & OBC welfare, labour & labour welfare, social welfare & nutrition, and other activities.

Figure-3



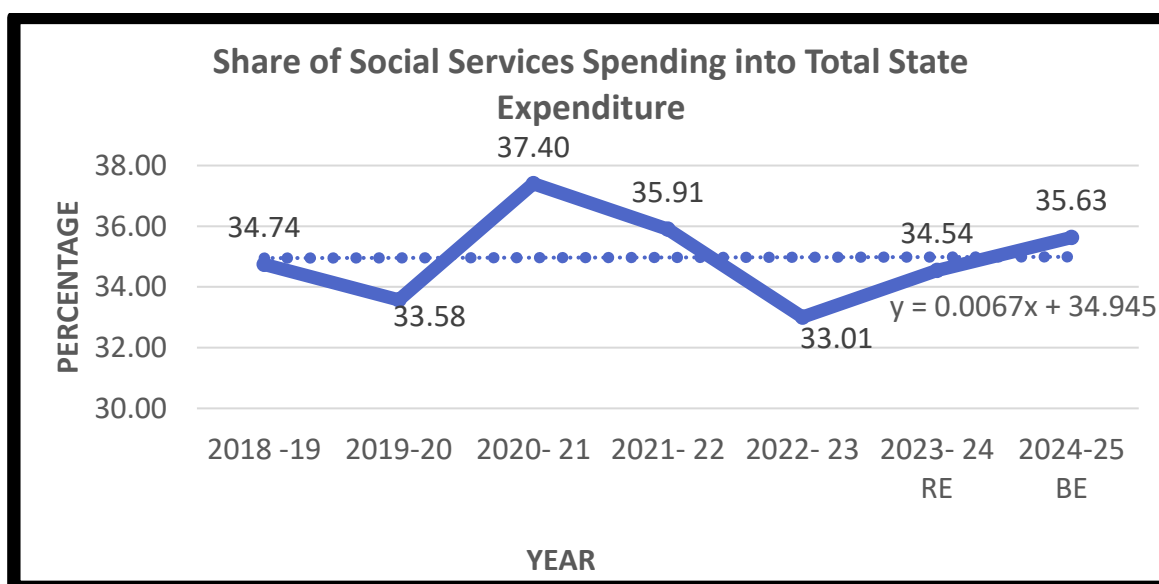
Source: Computed by Author using Tamil Nadu State Budget, Annual Financial Statements.



Graph 3 shows the total budget for Social Services of Tamil Nadu (TN) from 2018 to 2024 in crores (INR). It begins with a total budget of 79,210 crores in 2018-19, increasing slightly to 80,616 crores in 2019-20. It then undergoes a significant increase to 102,222 crores in 2021-22. A small increase is seen again to 105,806 crores in 2022-23 and then a continued increase to 107,850 crores for 2023-24 (RE - Revised Estimate). However, the budget estimate (BE) for 2024-25 is even more monumental; after estimating in 2023- 24 of 107,850 crores, the BE projects a curious and very sharp increase to 127,543 crores with a subsequent projection to 146,966 crores. The average total allocation to social services for 2018-19 to 2024-25 was 107173 crores. The allocation reflects the guideline of the gradual increase in the % total allocation to social services as part of the total state budget allocation for the relevant period (the % share has increased from 33.74 % of total budgeted expenditure for 2018-19 to 35.68 % in 2024-25). This increase overtime is consistent with a growing focus on the Social Services sector. Before the COVID-19 pandemic, expenditure increased from Rs 79,210 crores (2018-19) to Rs 80,616 crores (2019-20) with a growth rate of 1.8%, showing another round of investments into collective welfare, health, and education initiatives for the State. During the COVID-19 phase season (2020-21), there was a substantial rise to Rs 102,222 crores (26.8 percent increase) made up mostly of emergency health expenditures, social welfare initiatives, and subsidies to improve health services for the underprivileged among the State's poor people in response to the impact of the nightmare pandemic (that made a buck off of the desperate). They had the capacity to spend Rs. 110 plus on free rations, and at least Rs. 166 on phony health improvements and infrastructure and scratch the bottom of the barrel for upgrades that falsely seem to increase levels of health services to the poor among the State.

Spending on social services rose approximately 1.86 times throughout the previously mentioned time series, from Rs 79,209 crores in 2018-19 to Rs 146,966 crores in the year 2024-25. Expenditure increased by an average of Rs 10813 crores from 2018-19 to the year 2024-25, where the social services year-on-year incremental growth rate was 10.85 percent. In comparison, the total growth rate for State expenditure was reported at 10.39 while growth in economic services was 10.43, signaling that State government spending included a greater allocation of funds into social service spending than they had into economic and service construction sector spending.

Figure-4



Source: Computed by Author using Tamil Nadu State Budget, Annual Financial Statements.

The above graph depicts the percentage of Social Services spending as part of the overall budget of Tamil Nadu (TN) between the financial years 2018-19 to 2024-25. This percentage goes from 34.74% in 2018-19, and decreases to 33.58% in the next year, 2019-20; then moves up to a 37.40% share in 2020-21; then settles down to 35.91% in 2021-22, then decreases to a 33.01% low in 2022-23; going back up a little to 34.54% the next year, for the 2023-24 (RE - Revised Estimate) and finally, 35.63% in 2024-25 (BE - Budget Estimate). The overall trend line appears to be looking thinly upwards, averaging a yearly increase of 0.0067% in the share of Social Services spending. While this proportion fluctuates each year, the overall trend has increased the share of Social Services spending compared to the total TN budget over the years. The peaks in 2020-21 (37.40%) can be explained due to the pandemic that necessitated increased social expenditure. The subsequent drop in 2022-23 (33.01%) was likely a temporary shift in spending, as social expenditure increased again with a subsequent increase (35.63%) expected by 2024-25.



Table-2

Bifurcation of Social Services			Amount in (crores)						
Year	Education, Sports, Art and Culture	Health and Family Welfare	Water Supply, Sanitation, Housing & Urban Development	Information and Broadcasting	Welfare of SC, ST, and OBC	Labour and Labour Welfare	Social Welfare and Nutrition	Others	TOTAL EXPENDITURE OF SOCIAL SERVICES
2018 -19	33847	12489	13441	140	4438	631	13909	315	79210
2019-20	38887	12321	10362	126	4486	735	13336	362	80616
2020- 21	38580	17394	16079	139	4574	660	24520	277	102222
2021- 22	38678	19012	19628	123	3269	597	24087	412	105806
2022- 23	45147	17621	20452	196	4378	715	18219	1122	107850
2023- 24 RE	48596	18796	22397	321	5236	1126	30233	837	127543
2024-25 BE	54327	19730	30745	237	5365	1186	34548	827	146966

Source: Computed by Author using Tamil Nadu State Budget, Annual Financial Statements.

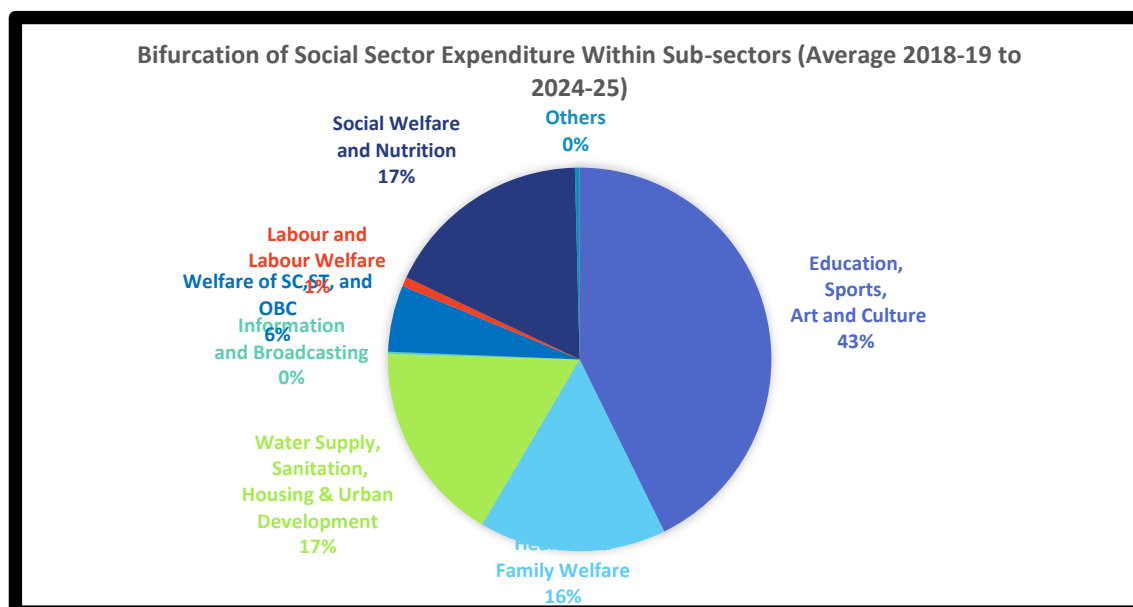
The table 2 classifies Tamil Nadu's involvements in social service expenditure for the years 2018-19 to 2024-25 in sectors like education, sports, arts and culture; health and family welfare; water supply, sanitation, housing & urban development; information and broadcasting; welfare of SC, ST, & OBC; labour and labour welfare; social welfare and nutrition; and others. The table indicates that from 2018-19 for the years assessed till 2024-25, it increased over the reference period. The social services expenditure increased from Rs. 79,210 crores for 2018-19 to Rs 146,966 crores for 2024-25, for this period it is an approximate increase of 85.5 percent. From the year 2001-02 to 2017-18 the social services expenditure increased 1.86 times, the principal subsectors for the Education & Sports, Health & Family Welfare, WSS, Housing and Urban Development, Welfare of SC, ST and OBC, and the last subsector for Social Welfare and Nutrition increased 1.61, 1.58, 2.29, 1.21, and 2.48, respectively. Within the same time average expenditure per annum for education was (Rs.42580 crore), WSS, housing and urban development (Rs. 1905 crore), social welfare and nutrition (Rs. 22693 crore), health and family welfare (Rs. 16766 crore) and welfare of SC, ST and OBC (Rs. 4535 crore). From 2018-19 to 2024-25 the compound annual growth rate for total social sector expenditure was 10.85 percent and relative to sectors - education, health and family welfare, WSS (water supply and sanitation), housing and urban development, welfare of SCs, STs and OBCs and social welfare and nutrition the expenditure growth was 8.21 percent, 7.92 percent, 14.79 percent, 3.21 percent and 16.37 percent respectively.

We can see in the pre-COVID years (2018-19 to 2019-20) that the social services expenditure increased from Rs 79,210 crores to Rs 80,616 crores (1.8% increase), which reflects periodic investments in social sectors. During the COVID phase (2020-21), there was an increase in social services expenditure to Rs 102,222 crores (26.8% grown), as expenditure was directly influenced by the need to respond to the health, economic and social issues appearing from the COVID-19 pandemic including economic lockdowns socioeconomic demand for access to healthcare resources and relief measures. Education, sports, art, and culture occupy a large share of the pie (41% share) of total social sector spending, expanding from Rs 33,847 crores in 2018-19 to Rs 54,327 crores in 2024-25 (60.5% growth). Education, sports, art, and culture consistently have the largest share of total social services expenditure. The pre-COVID (2018-19 to 2019-20) expenditure on education grew from Rs 33,847 crores (2018-19) to Rs 38,887 crores (2019-20), a 14.9% increase, implying steady financial capital for investment in education and the related subsectors. Social services expenditure on education in the COVID phase (2020-21) as there was a slight decline to Rs 38,580 crores (-0.8%), as non-pharmaceutical measures included the closure of schools and children were unable to engage in any sports or cultural activities, funds were diverted for the urgent fund with needs such as health. Social Welfare and Nutrition is the second largest, accounting for 21% of the share, and has grown substantially, especially from fiscal 2020-21 (Rs 24,520 crores) to 2024-25 (Rs 34,548 crores), a rise of 40.9%, where a steep peak was seen for 2023-24 (Rs 30,233 crores). This is expenditure on welfare services to the aged, food security measures, as well as measures towards poverty alleviation. Expenditure in the sector increased to a modest Rs 79,210 crore and Rs 80,616 crores in FY 2018-19 and FY 2019-20, indicating an increase of only 1.8 percent, meaning your



usual investment in the sector. The spending in the sector increased dramatically in comparison to those years and drastically increased to Rs 102,222 crore (a growth of 26.8 percent) in the pandemic COVID-19 FY 2020-21, in response to COVID-19 pandemic challenges in health, economy, and society - realized through the implementation of lockdowns, demand to the health system, and relief programs. For the Water Supply, Sanitation, Housing and Urban Development sectors, the expenditure has steadily grown over the years - from Rs 13441 crore in 2018-19 to Rs 30,745 crore in FY 2024-25. A significant growth of 128.8 percent, which reinforces the infrastructure-based focus on social services. Expenditure for this sector has shown generous increases, with budget allocations being more than doubled from Rs 13441.25 crores in 2018-19 to Rs 30745.27 crores by 2024-25, which is 2.29 times the allocation from the previous period. This great increase in expenditure coincides with the federally driven strategy to urbanize and improve the water and sanitation situation. Before the COVID-19 pandemic, funding decreased from Rs 13,441 crores in 2018-19 to Rs 10,362 crores in 2019-20, a 22.9% reduction, because of reallocations from the budget or delay in project implementation. In COVID (2020-21), there was a sudden spike to Rs 16,079 crore (55.2% increase), because it was a public necessity to follow health & hygiene procedures, especially in cities, where the disease was spreading much faster than expected. Because of greater emphasis on sanitation (e.g., public hygiene campaigns) and urban infrastructure for the welfare of healthcare facilities and migrant workers during the pandemic. Health and Family Welfare grew from Rs 12,489 crores in 2018-19 to Rs 19,730 crores in 2024-25 (58% growth), with a peak in 2021-22 (Rs 19,012 crores), reflecting pandemic-related spending. Pre-COVID stable spending, slightly declining from Rs 12,489 crore (2018-19) to Rs 12,321 crore (2019-20), a 1.3% decrease. During COVID (2020-21), a significant jump to Rs 17,394 crore (41.2% growth), driven by the need for emergency healthcare measures, such as hospital beds, ventilators, oxygen supply, and vaccination drives. This somehow translates that the government is paying good attention to the healthcare services. Welfare of SC, ST, and OBC is showing a moderate growth from Rs 4,438 crores to Rs 5,365 crores (20.9% growth), with a dip in 2021-22 (Rs 3,269 crores). This expenditure involves assistance in cash, scholarships, and employment schemes meant to aid the backward segments. Pre-COVID, increasing slightly from Rs 4,438 crore (2018-19) to Rs 4,486 crore (2019-20). During COVID (2020-21), modest growth to Rs 4,574 crore (2% increase), but a dip to Rs 3,269 crore in 2021-22 (-28.5%), due to reallocation of funds to immediate pandemic needs. The labour and labour welfare expenses show a growth from Rs 631 crores to Rs 1,186 crores (87.9% increase). This includes expenditures on worker safety schemes, pension schemes, and social security schemes. The rate of increase pre-COVID (2018-19 Rs 631 crores and 2019-20 Rs 735 crores) substantive increase at 16.5% but during COVID, the expenditure declined (2020-21 = Rs 660 crores -10.2%), representing reduced industrial activity during lockdowns. This is an illustration of commitment to worker safety schemes, pension schemes, and social security schemes. The Information and Broadcasting budget also increased a bit from Rs 139.52 crores (2018-19) to Rs 237.02 crores by 2024-2025, which is an increase in the order of approximately 1.70. These funds support digital outreach and media projects, which have pride in the states and better communications. Pre-COVID: expenditure at Rs 140 crores (2018-19) and Rs 126 crores (2019-20), demonstrated declines, but during COVID (2020-21) slight increase again to Rs 139 crores (10.3% growth), likely for public awareness campaigns about COVID-19 protocols.

Figure-5

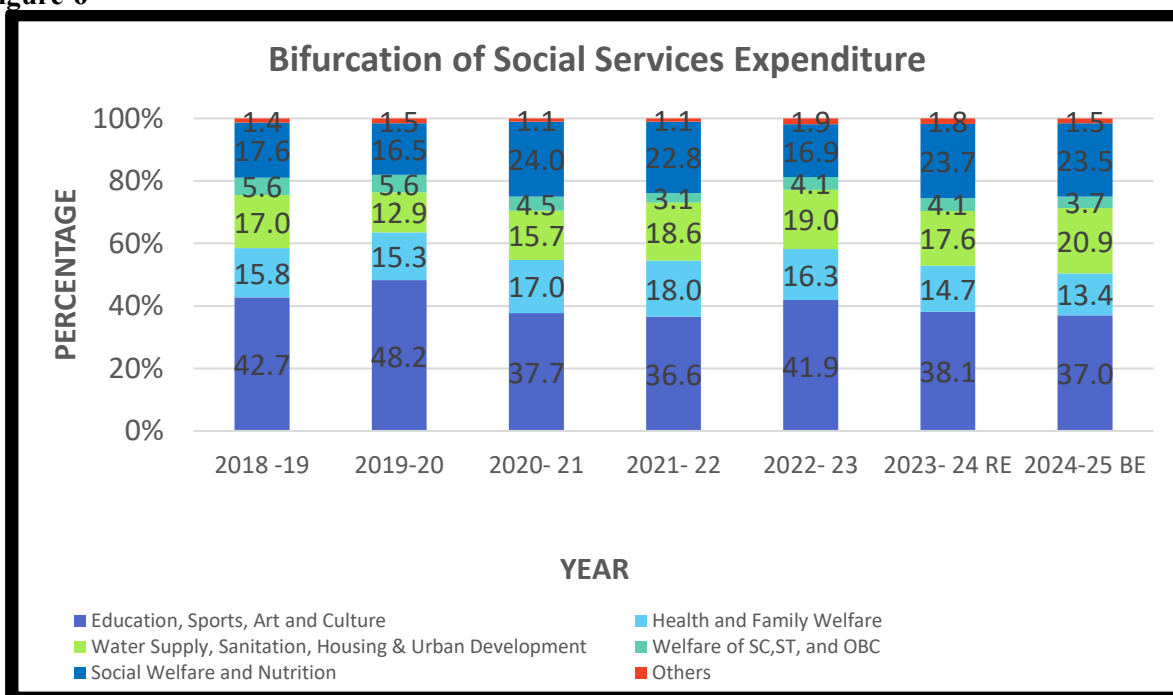


Source: Computed by Author using Tamil Nadu State Budget, Annual Financial Statements.



The pie chart in Figure 5 illustrates the average distribution of Tamil Nadu's Social Sector expenditure across sub-sectors from 2018-19 to 2024-25, providing insight into spending priorities. Education claimed a major share of total social services expenditure. On an average during 2018-19 to 2024-25, as regards expenditure on various components within social services, education (43 percent), WSS, housing and urban development (17 percent), social welfare and nutrition (17 percent), health and family welfare (16 percent) and welfare of SC, ST and OBC (6 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.

Figure-6



Source: Computed by Author using Tamil Nadu State Budget, Annual Financial Statements.

The stacked bar chart presented in Figure 6 shows the percentage share of Tamil Nadu's Social Services expenditure through different sub-sectors during the period 2018-19 to 2024-25. The graph above showing that from 2018-19 to 2024-25 the annual growth rate of share is highest in social welfare and nutrition (5 percent), next is a water supply, sanitation, housing & urban development (3.5 percent), in Education, health and family welfare and welfare of SC, ST, and OBC it is negative by 2.4, 2.6 and 6.9 percent on average. The chart shows a clear reallocation of resources, with social welfare and nutrition (24.0%) and health and family welfare (17.0%) gaining larger shares to address immediate needs like food security, healthcare, and relief. Education's share dropped (37.7%) due to school closures, and other sectors like Welfare of SC, ST, and OBC saw temporary declines. Pre-COVID (2018-19 to 2019-20): The education, sports, art, and culture sector held the largest share, at 42.7% and 48.2%, as there was more focus on education and culture developments. During COVID (2020-21), the share dropped to 37.7% when the sector acted as a weakening of storm as school closures and limitations on cultural activities resulted in less spending. There was much less spending directed into education and culture, and for example, redirected into urgent needs such as health and welfare. Pre-COVID, the percentage share of health and family welfare is 15.8% for 2018-19 and a decrease to 15.3% for 2019-20, which highlights the consistency of healthcare spending. At COVID (2020-21) this percentage share increased to 17.0% with the necessity for emergency healthcare interventions, for example, hospital beds, vaccines at the height of the pandemic. Following COVID, in 2021-22, this percentage share rose to 18.0%, followed by a drop to 16.3% in 2022-23, 14.7% in 2023-24 RE, and 13.4% in 2024-25 BE. This fall in percentage share (albeit absolute spending rises) reflects relative prioritization of other areas as the acute health emergency receded, although health was still prioritized for long-run resilience. The urban development, sanitation, and water supply sector percentage dropped because of reallocation of the budget, from 17.0% in 2018-19 to 12.9% in 2019-20, pre-COVID-19. The contemporaneous percentage was 15.7% concerning COVID-19 (2020-21), showing increased emphasis on sanitation (e.g., public sanitation) and urban development investment for health care centers, as well as migrant workers and citizens globally. Post COVID-19, the percentages increased to 18.6 % in 2021-22, 19.0 % in 2022-23, 17.6 % in 2023-24 RE. Finally,

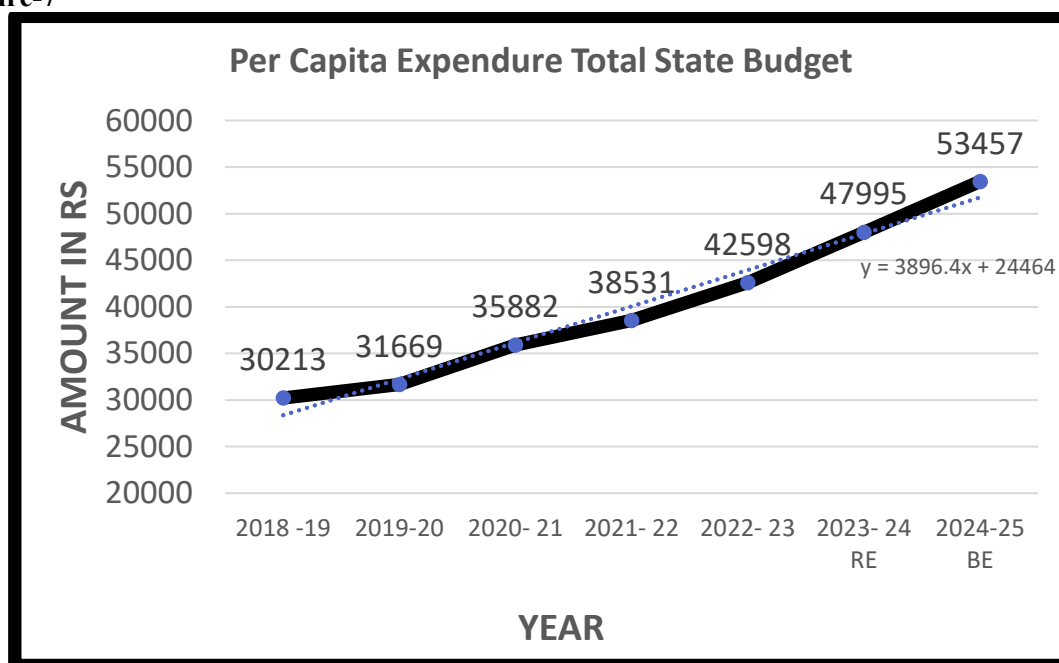


20.9 % in 2024-25 BE but showed sustained interest and investment in terms of urban infrastructure-related areas, including post-COVID-19 urban issues concerning migrant worker issues, especially around housing and public health, such as access to sanitation. Sc, ST, and OBC, the welfare component of share, pre-COVID was 5.6 % for both 2018-19 and 2019-20. COVID-19 moved the percentage down to 4.5 % and further down to 3.1 % in 2021 - 22. Not releasing funds meant that all pandemic needs could be addressed fully allocated funding went into addressing the pandemic. Pre-COVID, the social welfare and food state portion was as a percentage 17.6 % in the social welfare and nutrition sector in 2018-19 and 16.5 % in 2019-20. The percentage increased during COVID-19 (2020-21) to 24.0% and was clearly driven by any relief intervention, including free rations and cash transfers to support weaker sections during the lockdown periods.

Per-Capita Expenditure of Total State Expenditure and Social Services

Per capita2 Expenditure analysis has proved to be a better indicator in gauging the real benefits reaching people in the state.

Figure-7



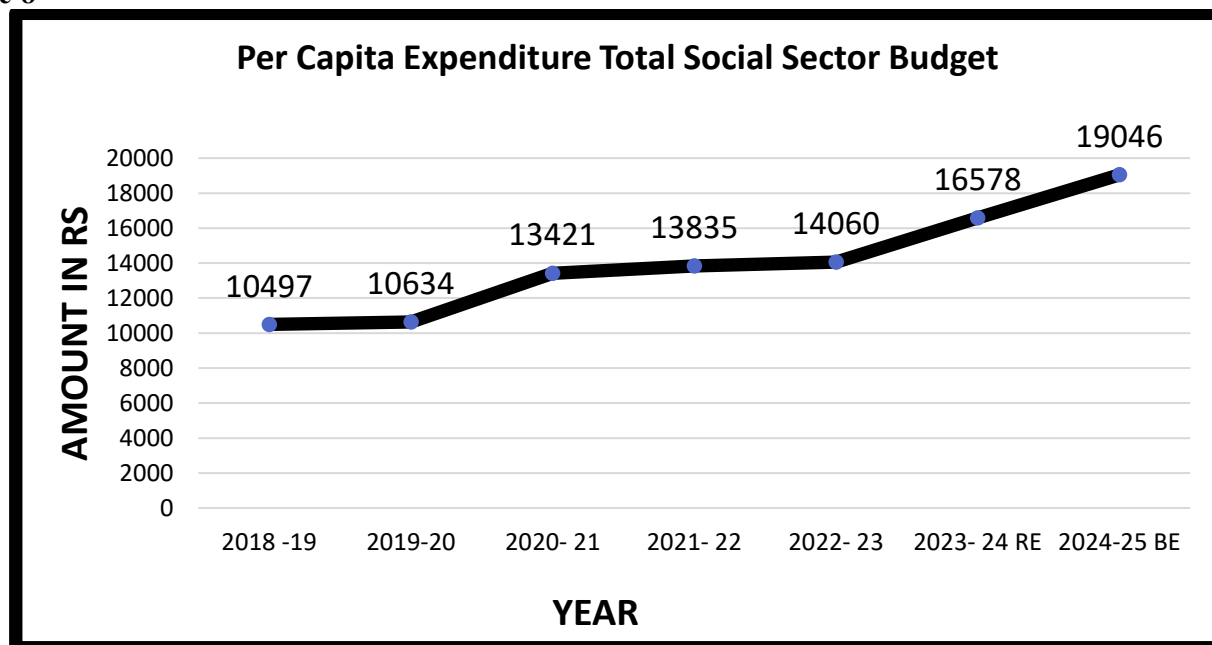
Source: Computed by Author using Tamil Nadu State Budget, Annual Financial Statements

Figure 7 displays the trends in per capita expenditure of the total state budget in INR over the years 2018-19 to 2024-25. The charts show a consistent upward trend in per capita expenditure over the years. The total state budget per capita expenditure increases from Rs 30,213 in 2018-19 to Rs 53,457 in 2024-25 BE. Expenditure has increased by 1.77 times. During that time, the average per capita expenditure for the total state budget is Rs 40049. The total state budget expenditure grew by approximately Rs 23,244 over the period (a 77% increase). 2018-19 to 2019-20 (pre-COVID) per capita expenditure of total state budget increased slightly from Rs 30,213 to Rs 31,669, a 4.8% rise, reflecting modest growth in overall state spending per person. 2020-21 (During COVID) a notable jump to Rs 35,882 (13.2% increase), driven by increased public spending to address the pandemic, such as healthcare, economic stimulus, and relief measures. During 2018-19 and 2024-25, in per capita terms, total social services expenditure has increased by 1.81 times; during the same time, the average per capita expenditure for the total state budget is Rs 14010. In comparison with total state expenditure, social services expenditure has increased significantly. Per head expenditure for social services increased by Rs 3896 per annum during 2018-19 to 2024-25, with the annual growth rate of 10.44 percent during the same time growth rate of total state expenditure was 9.98 percent. The social sector budget as a percentage of the total state budget increases slightly over the years. In 2018-19, it was around 35%, but by 2024-25 BE, it increased to 36%, showing that the sector is growing faster.



2018-19 to 2019-20 (pre-COVID) per capita spending on social services showed an increase from Rs 10,497 to Rs 10,634, a 1.3% increase, at a slower rate than the overall budget. 2020-21 (COVID) an increase to Rs 13,421 (26.2% increase), during this period, there was a clear focus on social services such as health, welfare, and sanitation during the pandemic, and was compared to the total budget, but growth in this period was much higher.

Figure-8



Source: Computed by Author using Tamil Nadu State Budget, Annual Financial Statements

4. CONCLUSION:

The breakdown of the state's expenditure in social services in Tamil Nadu for 2018-19 to 2024-25 shows a substantial presence and commitment to human development and social justice, particularly in priority areas of urgent need towards and after the COVID-19 pandemic:

Total state expenditure leaped by 81%, from Rs 2,27,989 crore in 2018-19 to Rs 4,12,504 crore in 2024-25 with a compounded annual growth rate (CAGR) of 10.4%, while social services always accounted for the biggest share of the budget in Tamil Nadu, provided on average 35.0% of total expenditure, social services expenditure increased 85.5%, CAGR of 10.85%; and clearly extended more than general services (10.1%) and economic services (10.4%) and assistant grants and contributions (8.9%). Overall, Tamil Nadu's emphasis on education, health, welfare, and urban development expenditure was clear for better living standards and social justice. Among social services, education, sports, art, and culture was the largest sub-sector, representing 43% of social sector average spend with a percentage change of +60.5%, rising from Rs 33,847 crore to Rs 54,327 crore, indicating continued investment in human capital. Social welfare and nutrition (21% share) experienced a noteworthy increase of +2.48 times, especially after 2020, and was driven by relief measures from the pandemic, such as free ration and poverty alleviation programs. Water supply, sanitation, housing, and urban development sectors (17% share) doubled with a percentage change of +128.8%. This demonstrates significant efforts to improve urban infrastructure, impacting the standards of public hygiene, especially related to COVID-19. Health and family welfare (16% share) increased by +58%, which was driven, in part, by a jump in 2020-21 (+41.2% increase) to respond to healthcare demands, including hospital beds and vaccination drives. The welfare of SC, ST, and OBC population sectors (6% share) and labour welfare made moderate progress with little growth in percentages and temporary decreases during the pandemic, but fund reallocations likely occurred to address urgent needs. The COVID-19 era (2020-21) represented a watershed development stage, with all social services spending exploding by 26.8% to Rs 1,02,222 crore for COVID-19-related public spending on health, welfare, and sanitation acting as a catalyst for significant rises in public spending. The per capita spending on social services rose strongly from Rs 10497 per person in 2018-19 to Rs 19041 per person in 2024-25 (an increase of 1.81 times and CAGR of 10.44%) and greater than the per capita increase in the total state budget (1.77 times and CAGR of 9.98%). This demonstrates, to some extent, an increased focus on the provision of tangible benefits to its citizens, especially the vulnerable, through the significant increase in spending during and post-COVID. In summary, Tamil Nadu's spending trends exhibited a year-on-year rise and fall between the urgent needs and issues arising from two years of



crisis, and a need for sustainable medium- to long-term development targets, the continued growth in social services expenditure (for affordable and accessible education, welfare and urban infrastructure) reflects Mrs. Jayalalithaa's development vision and Tamil Nadu's pledge to improve its Human Development Index and achieve equitable growth. Nevertheless, the decreasing share of education social services expenditure in some cross-sections of the sub-sector spending in 2020-21 (as well as the share of SC/ST/OBC welfare) both of which exhibited temporary declines, highlights the need for fiscal policies in the future, which can withstand medium- to long-term social service spending crises, whilst addressing equitable issues across all its social services. As Tamil Nadu negotiates the complexities of a post-COVID recovery to urban issues, and previous negative challenges to an exclusive demographic, inclusive dividends will depend on sustained and guaranteed social services, balanced investment funding.

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