

# Impact Of Political Leadership On State Expenditure Patterns In India: A Three-Decade Analysis

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## Abstract

This study examines the complex correlation between political leadership and fiscal expenditure in multiple Indian states, during a considerable timeframe from 1980-81 till 2015-16. The primary objective of this study is to examine the effect of changes in political leadership on financial policy as well as public expenditure habits — pivotal aspects for administration that impact economic equilibrium as well as progress. The methodology combines the analysis of economic data with evaluations of political shifts, resulting in a thorough investigation into how changes in government power relate to alterations in spending behaviors. The outcomes uncover noteworthy patterns and variances within state disbursements tied to modifications within political systems. This emphasizes the impact of governmental objectives, leadership methods, and economic adjustments on these expenditures. The findings from this study provide significant knowledge for policymakers, economists, and political scientists who are concerned with the complexity of fiscal administration and its impact on society. The research sheds light on how spending patterns relate to leadership in politics, resulting in a more comprehensive comprehension of various government systems' financial management strategies throughout India's states.

**Keywords:** Political Leadership, State Expenditure, Fiscal Policy, India, Economic Reforms

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## I. Introduction

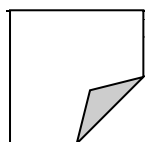
The connection between political leadership and the way the state spends its money is an important field in public finance and governance. In India, which has a lot of diversity and complicated government systems, the effect of political leadership on fiscal policies plus state expenditures is large as well as complex. This study wants to go deeper into this relationship to understand how changes in political leadership affect the spending habits of different states in India over a period of three decades. The study's main goal is to examine how changing political leadership affects the spending habits of states in India, covering a time period from 1980-81 up until 2015-16. The study seeks to find important patterns in state expenses and link them to times of political leadership alteration. Also, to analyze how changes in political leadership affect the distribution and prioritization of state resources. Through attaining these objectives, the study aims to give a complete view of interactions among political leadership and financial control at state level in India. It aspires to offer useful understandings for those making policies, researchers, and experts involved with public money matters and political economy studies (Dash & Raja, 2013)

## II. Background

The political scene in India is known for its ever-changing nature, with regular alterations of political leadership at both the national and state levels. These alterations often signify changes in policy importance, which are mirrored by how state resources are assigned and used. Grasping these trends is essential to fully comprehend the economic progress and government effectiveness of Indian states.(kumar,2019)

## III. Literature Review

Earlier studies within this field have mostly concentrated on the macroeconomic effects of political choices, with less focus given to detailed examination of state-level expenditure patterns during times when there is change in political leadership. Investigations like (Drazen & eslava. 2010) have looked into the cyclical character of fiscal policies in connection to election timings while other researchers studied how stable politics affect public expenses. However, there is still a void in literature that looks at the long-term influence of changes in political leadership on state expenditures in India - something this study plans to fill (Sáez & Sinha, 2010)



## Research Gap

This research plan wants to fill in the gap by doing a thorough study on how political leadership is related with state expenditure patterns. This will be done through using a detailed dataset that covers more than three decades. Concentrating at the state level provides understanding into subtle manners of how political leaders can influence fiscal policies and spending habits, leading towards an enhanced comprehension of governance and economic growth within India.

## IV. Methodology

### Data Source

The main dataset for this study is from <https://www.kaggle.com/datasets/rajanand/finance-india> made up of total expenditure data from many Indian states, covering the time period between 1980-81 and 2015-16. This dataset provides an extensive view into state spending patterns throughout a long duration, which permits detailed examination of trends and characteristics across different political regimes.

### Data Processing

For the data processing, tableau was used to handle and inquire about the dataset in a quick way. These were the actions done during data processing:

**Data Cleaning:** First, the dataset was cleaned. Differences or missing information that could impact the accuracy of analysis was removed. This made sure that the set of data was uniform and full for a trustworthy examination.

**Data Preparation:** The dataset was arranged to make analysis easier, separated into political period and state. Expenditure data were put in a normalized form, adjusting for inflation and increase in economy during the study time frame. This made it possible to compare expenses over different periods of time accurately.

### Analytical Approach

During the analytical phase, both quantitative and qualitative methods were used to investigate how political leadership affects the way states spend their money:

**Descriptive Analysis:** tableau was used for generating descriptive statistics that give a summary of the spending trends and habits in different states, as well as changes over time.

**Comparative Analysis:** Expenditure patterns were compared among various political regimes within states. The data was analyzed by classifying it according to the tenure of political leadership and using power BI for in-depth comparisons.

**Correlation Analysis:** To understand the effect of political leadership changes on expenditure patterns, correlation analysis was done. This means using statistical methods to find relationships between changes in politics and state expenses.

**Visualization:** The data was transformed into dynamic visualizations using tableau. This helped to show complex analyses in an easy-to-understand way. The visualizations involved graphs, for showing expenditure trends and patterns clearly.

### Limitations

Several limitations were encountered during the study, including:

**Limitations of Data:** The data were only from public sources and might not include all parts of state spending. Changes in how data is recorded across time could also impact the comparability of expenditure data.

**Analytical Limits:** Even though the study uses strong analytical methods, there is a need to be careful in understanding how much these correlations between political leadership and expense patterns really mean. Additionally, there might be some effects from outside that are not included in our dataset which could affect these patterns too.

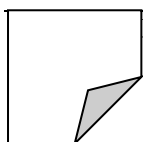
**Range of Study:** The emphasis on expenditures at the state level avoids a more detailed study of spending in particular sectors or areas. This could show various ways political influence works.

## V. Result

India, in the past years, has been under the rule of strong men and women. A detailed Analysis of India's expenditure per state for 36 years was done and the results are as follows:

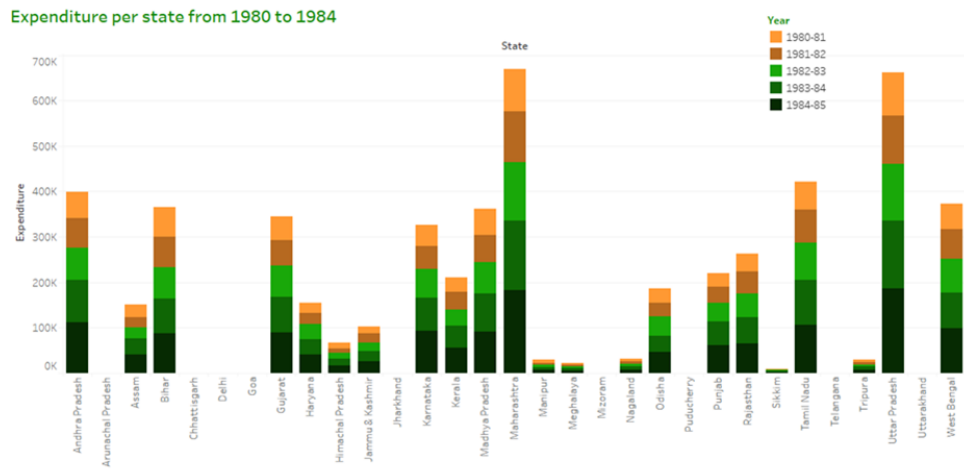
During the start of the 1980s, India was being governed by Indira Gandhi from the National Congress Party. Her rule began on 14th January in 1980 and lasted till October 31st of 1984. She made these noticeable reformations for india;

1. She diminished India's dependence on foreign aid.
2. She upgraded India's foreign policy.



3. She made major India's bank state owned.
4. She removed the hidden price for former monarchial states.

In her period, there were 9 states that did not get any expenditure and they are Arunachal Pradesh, Chhattisgarh, Delhi, Goa, Jharkhand Mizoram Puducherry Telangana and Uttarakhand.



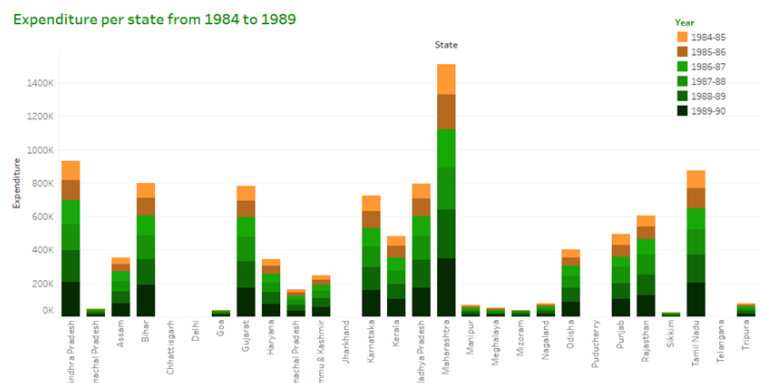
**Figure 1: Expenditure per state from 1980 to 1984**  
 Source: Author's computation (2024)

The top 5 states with the highest expenditure during her tenure are; Maharashtra, Uttar Pradesh, Tamil Nadu, Andhra Pradesh, and Bihar.

During the period from 1984, October 31 to 1989, December 2, India was governed by Rajiv Gandhi who belonged to the National Congress Party. His significant accomplishments in economic development for this nation are:

1. Reducing the voting age in India to 18 years.
2. Maintaining peace accords.
3. Starting the Immunization Programmes in India.
4. Creating new education policies with inclusion learning.
5. Commenced the foundation for telecommunications and Information Technology in India. His time saw 6 states getting no expenditure, these are; Chhattisgarh, Jharkhand, Telangana, Uttarakhand, Delhi and Puducherry

**Figure 2: Expenditure per state from 1984 to 1989**



Source: Author's computation (2024)

The top 5 states with the highest expenditure during his tenure are; Maharashtra, Uttar Pradesh, Andhra Pradesh, Tamil Nadu, and West Bengal.

Being in charge from 2nd December 1989 to 10th November 1990, Vishwanath Pratap Singh was the leader of India. He belonged to the Janata Dal political party and he formed the Janata Dal also known as National

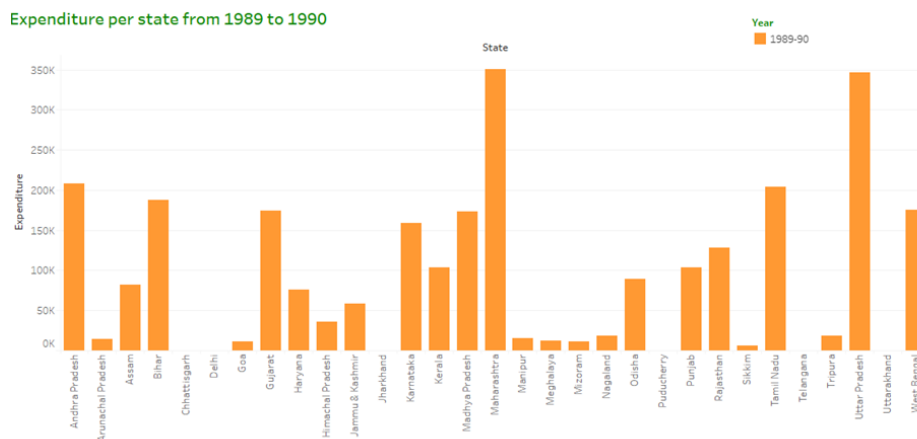
Upfront which acted as an opposition coalition; Singh used to be a royal member in India. Before this, he served as Defense and Finance minister in India for the first time then later on became Prime Minister (PM) under Rajiv Gandhi.

becoming India’s Prime Minister in 1989. His notable contribution to India’s Economy are;

1. He created the 60 second amendment in India
2. He set up the scheduled caste and scheduled tribe act in India. Under him, expenditure was not given to these states: Chhattisgarh, Jharkhand, Telangana, Uttarakhand, Delhi and Puducherry.

The five biggest spenders during this period were Uttar Pradesh (UP), Maharashtra (MH), Tamil Nadu(TN), Andhra Pradesh(AP) and West Bengal(WB).

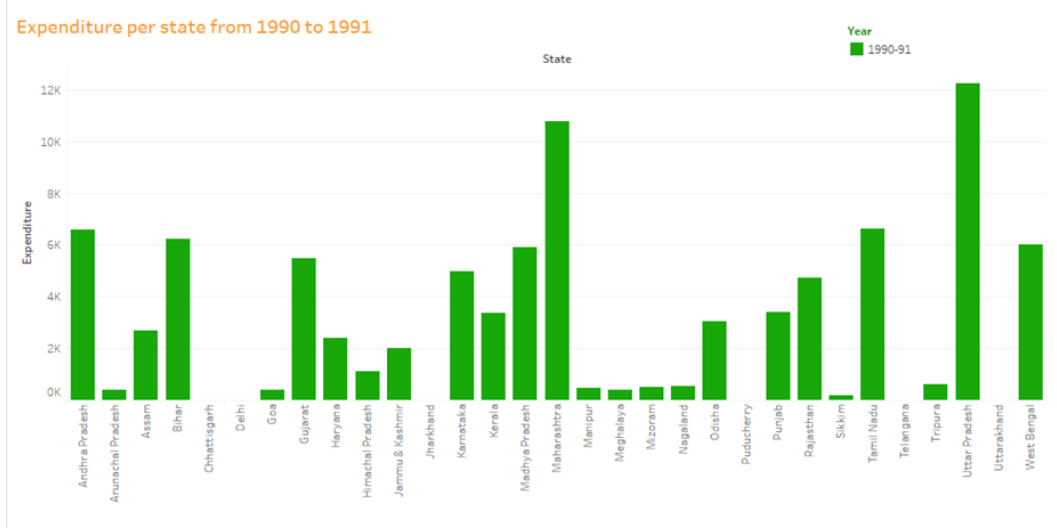
**Figure 3: Expenditure per state from 1989 to 1990**



Source: Author’s computation (2024)

Chandra Shekhar was the prime minister of India from 10th November 1990 to 21st June 1991. His political party was Samajwadi Janata Party, During his tenure, he was the Minister for Information and broadcasting, Minister for Home affairs, and Minister for Defence. His tenure only lasted for 7 months, one of India’s shortest ruling tenures, and he also approved India’s new export strategy which contained the main elements of the 4 July package.

**Figure 4: Expenditure per state from 1990 to 1991**



Source: Author’s computation (2024)

The top 5 states that received the highest expenditure during his tenure are; Uttar Pradesh, Maharashtra, Tamil Nadu, Andhra Pradesh, and Bihar

From 21st June 1991 to 16th May 1996, P.V Narasimha Rao became India’s prime minister under the Indian National Congress political party. These are some of his notable contributions to India’s economic

development.

1. He launched a new economic policy that strengthened India's foreign exchange reserve.
2. He strengthened India's relationship with the following countries; Iran, USA, Japan, and Israel.
3. He launched India's first nuclear programme
4. He rescued Punjab state from its food crisis.

## **VI. Discussion**

The result of the data analyzed gives a full summary about how political leadership affects state expenditure changes in India, covering 36 years. This conversation combines the understandings produced from comprehensive analysis and places them within the wider setting of India's economic growth and policy creation.

### **The Influence of Political Leadership on Economic Policies**

The analysis highlights how important individual leaders and their political beliefs are in deciding how state expenses are divided. It shows that from the time of Indira Gandhi, who did much to lessen India's reliance on foreign assistance and take over banks nationally, to Narendra Modi's 'Make in India' campaign concentrating on increasing investment and production - every leader's policy focus can be seen through spending patterns during their rule (Bhargava, 1988).

### **Regional Disparities and Priority Areas**

A notable point from the analysis is the range in state expenditures under various political systems, showing differences between regions and changes in focus of developmental objectives. The continuous presence of states like Maharashtra, Uttar Pradesh, and Tamil Nadu as top receivers of expenditure shows their crucial part in India's economic plan. Not having expenditure in places such as Chhattisgarh, Jharkhand or Telangana during some tenures brings up concerns about fair distribution among regions and what criteria are used to distribute national resources (Sáez & Sinha, 2010).

### **Sectoral Impacts and Long-term Development**

The policies specific to each tenure also give a clue about the sectoral impacts of political leadership on state expenditures. For example, Rajiv Gandhi's focus on telecommunications and IT set the foundation for India's tech explosion. Similarly, P.V. Narasimha Rao's economic liberalization measures had a long-term influence on how India is linked to the global economy. These actions have not just shaped the spending habits in that time but also impacted how the country develops over a long period (Kumar, 2019).

### **Political Vision and Economic Reform**

The understandings show a link between political sight and economic alteration. Leaders who have a strong focus on certain fields or progress aims usually guide state expenses in a manner that backs up these goals. This is seen in the push for infrastructure by Atal Bihari Vajpayee and liberalization attempts of Manmohan Singh, matched with greater expenditures in their related sections (Chhibber, 1995).

### **The Role of Political Stability in Economic Governance**

Additionally, the analysis shows how political stability can influence economic governance. When the tenure is shorter, such as Chandra Shekhar's time in office, there are fewer alterations in spending patterns, which hints that enduring political leadership helps to carry out and accomplish significant economic changes (Chhibber, 1995).

## **VII. Conclusion**

This discussion, guided by results from the analyzed data shows the complex connection among political leadership, economic policy and state spending in India. It emphasizes that understanding fiscal choices and their outcomes on regional development along with sector growth must take into account the politics context. The understandings from this examination make a useful source for those who create policies, study and general public. They give detailed comprehension on how political leaders influence economic situations.

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