

DERIVATION OF MINISTRYWISE COMMODITY COMPOSITION OF GOVERNMENT EXPENDITURE FROM BUDGET AND OTHER DOCUMENTS

R. G. PAITHANKAR

Government expenditure has acquired great importance in modern times, on an increasing scale, particularly in underdeveloped countries because of the ever increasing and indispensable economic activities of the State in various directions. The nature and the volume of government expenditure have necessarily important effects on production, distribution and general level of economic activity of a nation.

The use of Input-Output technique enables us to know direct and indirect demand generated by way of the government expenditure. So far the technique has been extensively applied to study the economic impact of the Defence expenditure of the government.¹ Professor Mathur² has studied the economic effects of the Defence Expenditure and has shown their implications for economic planning. However, as was suggested by Professor Leontief,³ the technique can equally be applied to study the other activities of the government. Such detailed studies are of crucial importance especially in the context of the Defence and Development Planning in India.

In this paper an attempt is made to study the economic impact of the government expenditure in India during 1963-64; because it was the mid-year of the Third Five Year Plan and in which the level of the Defence expenditure had gone up by 354.29 crores of rupees over and above the previous year's Defence Outlay.

For the purpose of the study, it is necessary to have a detailed commodity requirement for each activity, as such, in sufficient details. However, these data are not directly available in any of the government publications as a single source. The details of the government expenditure are available, itemwise, for various Ministries, in the volumes of the "Demands for Grants"; while the detailed com-