



An Analysis of Public Expenditure in Jammu & Kashmir: Trends and Patterns From 2001-2002 to 2019-2020

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ABSTRACT

The study seeks to analyze the trends and patterns of public expenditure in Jammu and Kashmir from 2001-02 to 2019-20. The proposed study will provide insights regarding the trend, allocation and impact of public expenditure on economic growth over a period of time in Jammu and Kashmir from 2001-02 to 2019-20. The study relies completely on secondary sources of data that have been collected from various budget documents ,digest of statistics , RBI, reports.

KEYWORDS: Public expenditure, Jammu and Kashmir, Economic growth.

INTRODUCTION

The field of Public Finance is concerned with the revenues and expenditures of government entities. "Public finance is concerned with the income and expenditure of public authorities, and with the adjustment of the one to the another" (Dalton, 1954, p. 1). The word "public" encompasses all types of governments-central, provincial and local, each with its own set of functions, operations, revenue sources, and purpose of spending. The ultimate goal of both central and state governments is to fulfill local needs in a balanced and coordinated way. In modern times, governments across the globe have set foot in several public projects for the socio-economic interests of their citizens. With the adoption of economic planning by almost all countries of the world, the role of state activity has risen sharply (Lekhi, 2016). India is welfare and democratic nation, so the responsibilities of the government are enormous. Only through the state's competent authority (government) can social and economic goals be accomplished (Kombde, 2018). The main tool of fiscal policy is public spending because it is essential at all phases of development to achieve higher growth rates, jobs, per-capita income, and fair and equal distribution of resources. The outlays made by the government for socio-economic benefits and the equitable growth and development of society and the economy as a whole are referred to as public expenditure (Gupta, 2017).

Public expenditure is expenditure incurred by the government (e.g., central government, state governments, lower-level governments like district office, gram panchayat, etc.). Such expenditures are made for social welfare of people and to run the government administration. The importance attached to public expenditure has varied between different schools of thought. During the laissez-faire polices of 19th century, the role of government was minimum. Over time, with the evolution of theories of public expenditure, the importance of public expenditure has come into limelight as an important tool of fiscal policy. The failure of market mechanism to ensure social welfare, income equality and full employment has contributed to the insights developed into the potentials of public expenditure. In view of these, the role of the government in public expenditure is considered crucial across the globe.

1.1 Public Expenditure in Jammu & Kashmir

Looking at the union territory of Jammu and Kashmir, we observe according to the data provided by Jammu & Kashmir Planning, Development and Monitoring Department, total Receipts of J&K for 2022-23(RE) are Rs. 1,06,789 crores. Central Transfers constitute about 65 per cent (Rs. 69,120 crore), market borrowings 9 per cent (Rs. 9,657 crore) and UTs own resource contribute 26 percent (Rs. 28012 crore which includes additional resource mobilization of Rs. 2,484 crore). Revenue Expenditure constitutes 70.24% (Rs 75,004 crore) while as Capex expenditure constitutes 29.76% (Rs 31,785 crore) which includes repayment of debt of Rs 5,030 crore (4.71% of total expenditure). Revenue Surplus has increased from Rs. 3,815 crores during 2021-22(PA) to Rs. 22,128 crores during 2022-23 (RE), Fiscal Deficit has decreased to Rs. 9,570 crores from 12,219 crore and Primary Deficit have decreased to Rs. 494 crores from Rs. 4,814 crores during the above said period.

1.1) Public Expenditure and its Components

"Public expenditure is the expenditure incurred by public authorities, i.e., central government, state government, and local bodies for the satisfaction of collective needs of the citizens or for promotion of economic and social welfare" (Lekhi, 2016, p. 82).

1.1.1) Components of Public Expenditure

a) Revenue Expenditure:

Revenue expenditure, which is of recurring nature, includes spending by the government on elements like salaries, interest payments, grants-in-aid, subsidies, etc., and is planned to be covered via revenue receipts. Revenue expenditure does not lead to assets creation in the country. In contrast, capital expenditure is the expenditure done to augment the assets base of the nation and decrease the long-term liabilities. Hence, such expenditures are developmental. For the education sector, revenue account expenditure includes expenditure on salaries and payments, scholarships, training, upkeep costs, etc., while as expenditure related to construction of schools and other relevant facilities and apparatus come under capital account (Chakrabarti & Joglekar, 2006).

b) Capital expenditure:

These are the expenditures incurred for high value items and they fulfil the requirements for long term. These expenditures are also called long-term expenditures. These incur when government spends on setting up of schools, colleges, hospitals, bridges, roads, airports, etc. The defence expenditures like purchasing a fighter jet or tanks are also capital expenditures. Because these expenses are very valuable and long-lasting, they qualify as long-term expenditures.

Review of Literature

Buchanan and Musgrave (2000) have examined the share of government expenditure on human investment, more particularly, in education and health. Public investment in transportation, education and scientific advance is strategic to economic development. He has highlighted that budgeting procedures to distinguish between capital and current outlays. The current outlays should be collected from the pay-as-you-finance. But capital outlays are to be collected from loans, along with economic depreciation over life of the asset.

Gong and Zou (2002) linking the public expenditure and output growth, have found that the mean growth rate in current expenditure has been positively associated with output growth. On the other hand, the mean growth in capital expenditure has no relationship with output growth. The volatility in the growth of current and capital expenditures have significant, negative effect on output growth. The results show that the growth rate in general public services are negatively related, but not significantly associated with the output growth. The estimated coefficients for the growth rates in spending for defense, education, human welfare and the economic services are positively related, whereas the variance of its growth rate is positive and has a significant effect on output growth.

Kaur and Misra (2003) have analyzed the effectiveness of social sector expenditure in the field of education and health for the period of 1985-86 to 2000-01. The study covered a sample of 15 non-special category states. They have found that public spending on education has been more productive at the primary than at the secondary level of education. The relationship between public spending on education and primary enrolment has been stronger for the poorer States than for the non-poor States. The association between public spending and health outcome is weak. Income is a more significant determinant of health outcome than public spending. Child survival is probably related to other factors such as adequate nutrition and overall living conditions, which are often income determined. The trend analysis shows that the proportion of GSDP spent on health has not only remained low but also declined over the last fifteen years.

The World Bank (2007) has explored the impact of composition of public expenditure on the long-run per capita income. It has used the fiscal policy model. The expenditure has been classified into those on education and health facilities, public infrastructure such as roads and bridges, public administration, transfers and public consumption facilities, and debt service. The results show that the public investment on 27 roads, schools, hospitals, and on critical infrastructure in the economy play an important role in raising the productivity of the economy.

Rajkumar and Swaroop (2008) have examined the expenditure on public health, education and outcomes for the period 1990 to 2003. They have used data from a cross section of countries. They have also found that public health spending has a stronger negative impact on child mortality in the study countries. Public spending on health becomes more effective in lowering child mortality. Similarly, increasing public spending on primary education is effective in raising primary educational attainment in countries with good governance. These results have implications for enhancing the development effectiveness of public spending. Simply increasing public spending on health and education would lead to better outcomes.

Arun, J.V, et. Al., (2013) in their study have showed that the health care spending is the lowest in the world. The socio-economic status of India is poorly reflected in Human Development Index (HDI) in 2010, in which India ranked 119th in the human development. This paper attempts to ascertain that the state has played a vital role in proving health services in India.

Hidalgo, M., et. Al., (2013) in their work revealed that public spending in primary education has strong impact on raising individuals above poverty line. The spending in education increases schooling beyond compulsory education and, therefore, helps to uplift individuals above the poverty threshold when they become adults. The paper studies the impact of public expenditure in education in reducing the probability of being poor when adult, and to what extent. The public expenditure in primary education has a strong effect on raising individuals above the poverty line, on reducing the probability of suffering health problems when adults and on increasing school attendance beyond compulsory education.

Anand, S., (2014) in her study analyzed education's vital role in producing quality and efficient work force. India has shown major changes in the level of financing education and in priorities attached to different sub sectors of education. The study reveals the trends and pattern of public expenditure on

higher and technical education amongst major states in India. The study shows the spending on tertiary level of education and technical education is much below the desired level across major states. There exists wide inter-state disparity in terms of amount of spending on tertiary and technical level of education. The country is still far away from the recommendation prescribed by Kothari Commission and New Education Policy. Thus, lower per capita expenditure in higher education has direct impact on the quality of higher education in most of the states. Inadequate funding in tertiary and technical education would seriously affect the quality and quantum for growth of the country.

Objectives of the Study:

1. To analyze the trend and composition of public expenditure in Jammu and Kashmir.
2. To examine the impact of public expenditure on economic growth in Jammu & Kashmir.

RESEARCH METHODOLOGY

Research methodology plays a very important role in a research process. Research methodology is the base upon which the whole super structure of the research process is build. The research methodology is discussed in various sections below.

- **Methodology:**

The study is based on the secondary data. The techniques that will be used are as follows:

1. Descriptive analysis: Percentages, tables, graphs, charts, etc. will be used for the first objective.
2. Ordinary Least Squares technique will be employed to achieve the second objective.

- The present study is based on secondary sources of data. Following are the sources of secondary data:

1. Annual issues of Budget documents of Ministry of Finance, Government of India.
2. Annual Issues of Digest of Statistics, Department of Planning, Development & Monitoring, Govt. of J&K.
3. Per-Capita Gross State Domestic Product from yearly data published by Reserve Bank of India.

- **Tools for Data Analysis:**

1. MS Excel
2. EViews (v14)

ANALYSIS

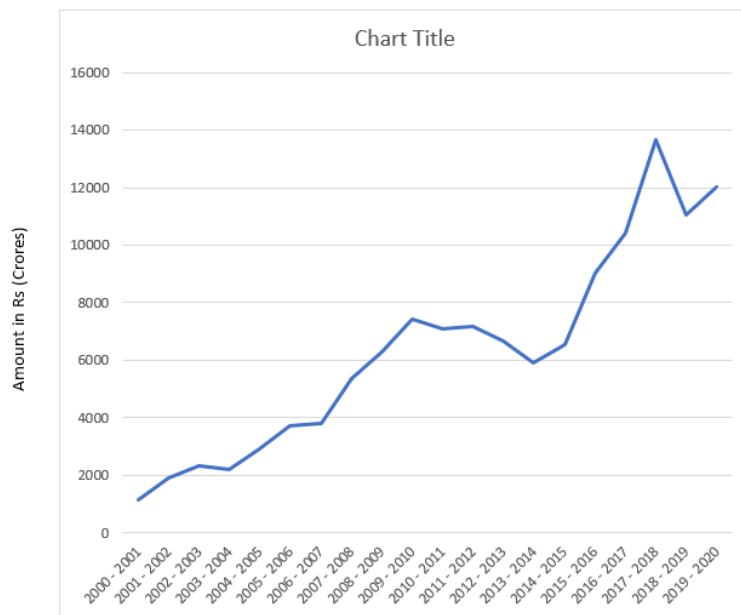
Trends in Public Expenditure in state of Jammu & Kashmir

A) Capital Expenditure

Capital Expenditure in Union Territory of Jammu & Kashmir	
<u>Year</u>	<u>Amount (Crores)</u>
2000-01	1144
2001-02	1927
2002-03	2325
2003-04	2221
2004-05	2939
2005-06	3743
2006-07	3806
2007-08	5361
2008-09	6303
2009-10	7419
2010-11	7102
2011-12	7176
2012-13	6661
2013-14	5925

2014-15	6547
2015-16	9023
2016-17	10427
2017-18	13662

Line Graph



Year

Data Source: Handbook of statistics on State Government Finances and State Finances:

A study of Budgets (Reserve Bank of India: Various Issues)

Capital expenditure is the money spent by the government on the development of machinery, equipment, building, health facilities, education, etc. It also includes the expenditure incurred on acquiring fixed assets like land and investment by the government that gives profits

• **Diagrammatic Representation**

As seen from the above diagram, the line graph shows an increasing trend on an average over the period of time. Thus, depicting that the capital expenditure in the Union’s Territory of Jammu and Kashmir has been increasing over the period of time (2000-2001 to 2019-20). In 2017-2018 the capital expenditure has been maximum at 13,662 crores while in 2000-2001 the capital expenditure has been minimum amounting to Rs 1144 crores only. It is because public expenditure is growing and increasing in India due to government expanding its pace of development due to following reasons:

- (i) **Development Programs:** Most of the underdeveloped countries have initiated various programmes of economic development i.e. provision of infrastructure of the economy such as transport, communication power etc. This has led to growth of public expenditure.
- (ii) **Growing trend of Urbanisation:** With the spread of urbanization, public expenditure has increased in modern times. Urbanization has led to increase in Government expenditures on civil administration, education, public health, water supply, parks etc.
- (iii) **Rise in Price-level:** As a result of the rise in the price-level, the public expenditure has gone up everywhere. The reason is that like the private individuals the Government also has to buy goods and services from the market at higher prices.
- (iv) **Increase in Population:** As a result, the Government has to incur great expenditure to meet the requirements of increasing population. In fact, the public expenditure increases in the same ratio in which the population increases.
- (v) **Welfare State:** The modern state is a welfare state. It has to spend increasing amounts on such items as social insurance, unemployment, relief, free medical aid, free education etc. to improve the socio-economic welfare of the country.

B) Revenue Expenditure: Revenue Expenditure is the part of government spending that does not result in the production of assets. Salaries, wages, pensions, subsidies, and interest payments are all instances of revenue expenditures. The government incurs revenue expenses to meet its operating demands.

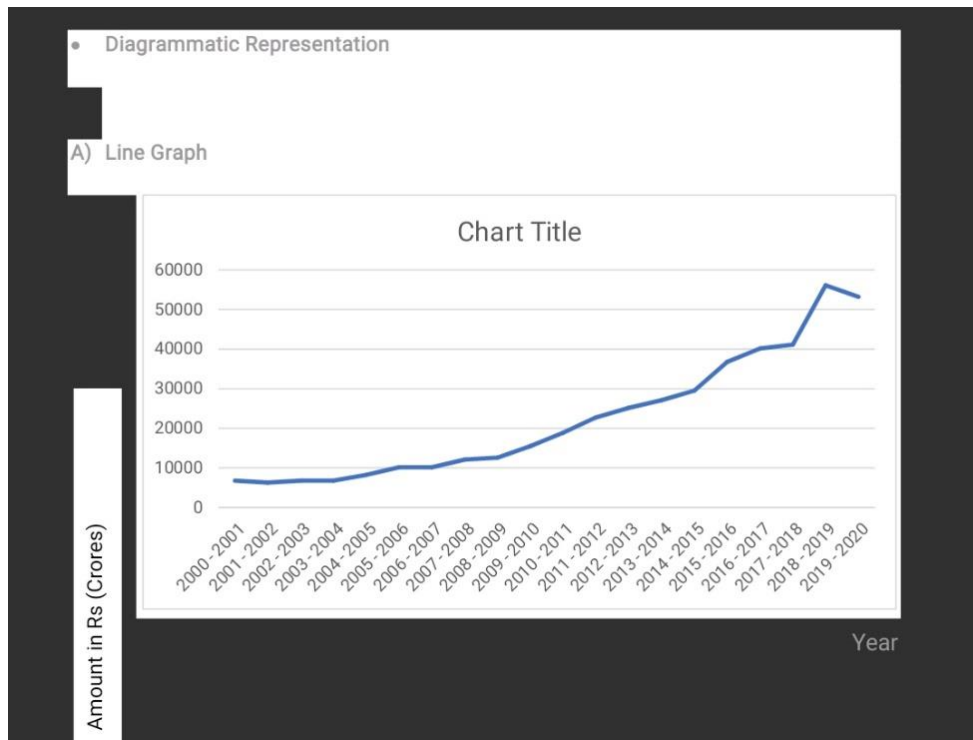
- **Revenue Expenditure in Jammu and Kashmir**

Revenue Expenditure in Jammu and Kashmir	
<i>Year</i>	<i>Amount in Rs (Crores)</i>
2000 - 2001	6685
2001 - 2002	6123
2002 - 2003	6413
2003 - 2004	6596
2004 - 2005	8188
2005 - 2006	9724
2006 - 2007	10067
2007 - 2008	11685
2008 - 2009	12447
2009 - 2010	15100
2010 - 2011	18470
2011 - 2012	22680
2012 - 2013	25120
2013 - 2014	27060
2014 - 2015	29329
2015 - 2016	36420
2016 - 2017	39812
2017 - 2018	40917
2018 - 2019	56090
2019 - 2020	52963

Table Source: Handbook of statistics on State Government Finances and State Finances: A study of Budgets (Reserve Bank of India: Various Issues)

- **Diagrammatic Representation**

A) Line Graph



As seen from the above diagram, the line graph shows an increasing trend on an average over the period of time. Thus, depicting that the revenue expenditure in the Union’s Territory of Jammu and Kashmir has been increasing over the period of time (2000-2001 to 2019-20). In 2018-2019 the revenue expenditure has been maximum at 56,090 crores while in 2001-2002 the capital expenditure has been minimum amounting to Rs 6,123 crores only. And the reasons for that are same as discussed above.

3.0) Trends in Total Expenditure in Jammu & Kashmir.

Year	Revenue Expenditure	Capital Expenditure	Total Expenditure	Revenue Expenditure	Capital Expenditure
	Rs (crore)	Rs (crore)	Rs (crore)	% out of Total Exp	% out of Total Exp
2000 - 2001	6685	1144	7829	85.38766	14.61234
2001 - 2002	6123	1927	8050	76.06211	23.93789
2002 - 2003	6413	2325	8738	73.39208	26.60792
2003 - 2004	6596	2221	8817	74.81003	25.18997
2004 - 2005	8188	2939	11127	73.58677	26.41323
2005 - 2006	9724	3743	13467	72.20613	27.79387
2006 - 2007	10067	3806	13873	72.56541	27.43459
2007 - 2008	11685	5361	17046	68.54981	31.45019
2008 - 2009	12447	6303	18750	66.384	33.616
2009 - 2010	15100	7420	22520	67.05151	32.94849
2010 - 2011	18470	7100	25570	72.23309	27.76691
2011 - 2012	22680	7176	29856	75.96463	24.03537
2012 - 2013	25120	6661	31781	79.04094	20.95906
2013 - 2014	27060	5925	32985	82.03729	17.96271
2014 - 2015	29329	6547	35876	81.75103	18.24897
2015 - 2016	36420	9023	45443	80.14436	19.85564
2016 - 2017	39812	10427	50239	79.24521	20.75479
2017 - 2018	40917	13662	54578	74.96977	25.03206
2018 - 2019	56090	11054	67144	83.53688	16.46312
2019 - 2020	52963	12013	64977	81.51038	18.48808

4.0) Trends in GSDP of Jammu and Kashmir

Year	GSDP	Revenue Expenditure	Capital Expenditure	Revenue Exp as a %age of GSDP	Capital Exp as a %age of GSDP
2000-2001	43531	6685	1144	15.35687211	2.628012221
2001-2002	43310	6123	1927	14.13761256	4.449318864
2002-2003	45078	6413	2325	14.22645193	5.157726607
2003-2004	46685	6596	2221	14.12873514	4.757416729
2004-2005	48389	8188	2939	16.9212011	6.073694435
2005-2006	50433	9724	3743	19.28102631	7.421727837
2006-2007	52669	10067	3806	19.11371015	7.226262128
2007-2008	55256	11685	5361	21.14702476	9.702113798
2008-2009	58006	12447	6303	21.45812502	10.8661173
2009-2010	59796	15100	7420	25.25252525	12.40885678
2010-2011	62342	18470	7100	29.6268968	11.38879086
2011-2012	62029	22680	7176	36.56354286	11.56878234
2012-2013	63376	25120	6661	39.63645544	10.51028781
2013-2014	66119	27060	5925	40.92620881	8.961115564
2014-2015	63353	29329	6547	46.29457169	10.33415939

2015-2016	73878	36420	9023	49.29749046	12.21337881
2016-2017	75656	39812	10427	52.62239611	13.78211907
2017-2018	79880	40917	13662	51.22308463	17.10315473
2018-2019	85529	56090	11054	65.58009564	12.9242713
2019-2020	85911	52963	12013	61.64868294	13.98307551

Source: per capita GSDP from yearly data published by RBI

5.0) TREND IN REVENUE AND CAPITAL EXPENDITURE OF JAMMU& KASHMIR (REVISED ESTIMATE)

5.1) Revenue Expenditure:

	2000-2001 (Revised Estimate)	2019-2020 (Revised Estimate)
	Total	Total
TOTAL EXPENDITURE (I+II+III)	5,84,203	59,57,785.2
I. DEVELOPMENTAL EXPENDITURE (A + B)	3,06,751	36,17,966.4
A. Social Services (1 to 12)	1,78,540	20,34,014.8
1. Education, Sports, Art and Culture	90,249	10,89,372.2
2. Medical and Public Health	38,498	4,14,118.3
3. Family Welfare	2,000	24,450.8
4. Water Supply and Sanitation	21,427	1,70,409.3
5. Housing	3,122	12,039.7
6. Urban Development	8,551	67,030.7
7. Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	1,576	12,559.1
8. Labour and Labour Welfare	1,019	7,243.1
9. Social Security and Welfare	6,730	1,33,038.0
10. Nutrition	185	78,481.4
11. Relief on account of Natural Calamities	3,516	11,001.2
12. Others*	1,667	14,271
B. Economic Services (1 to 9)	1,28,211	15,83,951.6
1. Agriculture and Allied Activities (i to xii)	45,222	3,04,825.7
i) Crop Husbandry	9,660	64,165.4
ii) Soil and Water Conservation	1,640	9,436.4
iii) Animal Husbandry	9,995	61,137.5
iv) Dairy Development	—	0.0
v) Fisheries	1,396	9,282.2
vi) Forestry and Wild Life	15,274	92,202.0
vii) Plantations	—	0.0
viii) Food Storage and Warehousing	226	28,718.6
ix) Agricultural Research and Education	3,191	28,385.3
x) Agricultural Finance Institutions	—	0.0
xi) Co-operation	1,011	7,139.1
xii) Other Agricultural Programmes	2,829	4,359.3
2. Rural Development	9,355	56,368.7
3. Special Area Programmes	5,983	53,925.2
4. Irrigation and Flood Control of which:	14,570	77,418.9
i) Major and Medium Irrigation		10,882.0
ii) Minor Irrigation	2,343	49,069.2
iii) Flood Control and Drainage	8,833	13,704.8
5. Energy	2,541	9,79,292.5
of which: Power	25,307	9,79,292.5
6. Industry and Minerals (i to iii)	15,502	50,176.1
i) Village and Small Industries	8,573	44,095.4
ii) Industries@	6,929	6,080.7
iii) Others**	—	0.0
7. Transport and Communications(i+ii)	6,210	15,592.3

i) Roads and Bridges	2,751	15,592.3
ii) Others @@	3,459	
8. Science, Technology and Environment	422	4,917.6
9. General Economic Services (i to iv)	5,640	41,434.7
i) Secretariat – Economic Services	1,691	8,713.8
ii) Tourism	3,066	21,644.7
iii) Civil Supplies	—	0.0
iv) Others +	883	11,076.1
II. NON-DEVELOPMENTAL EXPENDITURE (General services) (A to F)		23,39,818.8
A. Organs of State	2,77,452	1,40,946.5
B. Fiscal Services (i to ii)	4,989	88,791.9
i) Collection of Taxes and Duties	7,258	84,706.4
ii) Other Fiscal Services	6	4,085.5
C. Interest Payments and Servicing of Debt (1 + 2)	86,181	3,58,207.3
1. Appropriation for Reduction or Avoidance of Debt		3,926.8
2. Interest Payments (i to iv)	86,181	3,54,280.6
i) Interest on Loans from the Centre	43,634	7,294.0
ii) Interest on Internal Debt	21,783	2,22,935.6
of which:		
(a) Interest on Market Loans	—	1,53,789.6
(b) Interest on NSSF		36,135.0
iii) Interest on Small Savings, Provident Funds, etc.	20,464	78,639.0
iv) Others	300	45,412.0
D. Administrative Services (i to v)	1,29,521	10,62,581.4
i) Secretariat – General Services	1,876	14,177.0
ii) District Administration	2,379	54,994.7
iii) Police	98,460	7,71,250.9
iv) Public Works	11,748	81,829.3
v) Others ++	15,058	1,40,329.5
E. Pensions	49,500	6,89,175.3
F. Miscellaneous General Services	3	116.5
of which:		16.5
Payment on account of State Lotteries	3	0.0
III. Grants-in-Aid and Contributions		
of which:		
Compensation and Assignments to Local Bodies and Panchayati Raj Institutions		

Source: RBI, Handbook of Statistics on Indian Economy (Various Issues)

5.2) Capital Expenditure:

ITEMS	2004-2005 (Revised Estimate)	2019-2020 (Revised Estimate)
Total Capital Outlay (1 + 2)	1,13,304	1965996.6
1. Development (a + b)	96,384	1727421.9
(a) Social Services (1 to 9)	24,055	461294.5
1. Education, Sports, Art and Culture	4,144	111062.1
2. Medical and Public Health	1,298	85374.4
3. Family Welfare	—	0.0
4. Water Supply and Sanitation	10,268	114194.4
5. Housing	226	8849.7
6. Urban Development	5010	73622.5
7. Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	185	10424.8
	1,085	
8. Social Security and Welfare		46592.3
9. Others *	1,829	11174.3

(b) Economic Services (1 to 10)	72,329	1266127.5
1. Agriculture and Allied Activities (i to xi)	17,489	138257.6
i) Crop Husbandry	698	69478.5
ii) Soil and Water Conservation	3,755	868.6
iii) Animal Husbandry	362	17117.5
iv) Dairy Development	90	30.0
v) Fisheries	210	2780.9
vi) Forestry and Wild Life	844	19339.1
vii) Plantations	–	0.0
viii) Food Storage and Warehousing	11,079	26232.7
ix) Agricultural Research and Education	251	1903.7
x) Co-operation	1,881	506.5
xi) Others @	-	0.0
2. Rural Development	2,457	469177.2
3. Special Area Programmes	–	11878.4
<i>of which: Hill Areas</i>		0.0
4. Major and Medium Irrigation and Flood Control	10,232	71633.5
5. Energy	22,120	173403.4
6. Industry and Minerals (i to iv)	1,854	49516.3
i) Village and Small Industries	–	48222.8
ii) Iron and Steel Industries	1,623	754.5
iii) Non-Ferrous Mining and Metallurgical Industries	158	539.0
iv) Others #	-	0.0
7. Transport (i + ii)	73	141139.0
i) Roads and Bridges	2,450	132597.6
ii) Others **	227	8541.4
8. Communications		0.0
9. Science, Technology and Environment	54	3472.3
10. General Economic Services (i + ii)	13,792	207649.8
i) Tourism	1,502	40814.1
ii) Others @@	12,290	166835.7
	16,920	238574.6
2. Non-Development (General Services)		
Discharge of Internal Debt (1 to 8)	7,055	2411171.0
1. Market Loans	120	110893.0
2. Loans from LIC	–	13405.0
3. Loans from SBI and other Banks	784	0.0
4. Loans from NABARD	137	31488.0
5. Loans from National Co-operative Development Corporation		0.0
6. WMA from RBI		2217917.0
7. Special Securities issued to NSSF	–	0.0
8. Others	6,170	37468.0
<i>of which: Land Compensation Bonds</i>	–	0.0
Repayment of Loans to the Centre (1 to 7)	27,212	11782.0
1. State Plan Schemes		11782.0
<i>of which: Advance release of Plan Assistance for Natural Calamities</i>		0.0
2. Central Plan Schemes		0.0
3. Centrally Sponsored Schemes		0.0
4. Non-Plan (i + ii)		0.0
i) Relief for Natural Calamities		0.0
ii) Others		0.0
5. Ways and Means Advances from Centre		0.0
6. Loans for Special Schemes		0.0
7. Others		0.0
Loans and Advances by State Governments (1+2)	10,151	9916.7

1. Development Purposes (a + b)	10,151	9916.7
a) Social Services (1 to 7)	181	810.0
1. Education, Sports, Art and Culture	–	0.0
2. Medical and Public Health	–	0.0
3. Family Welfare	–	0.0
4. Water Supply and Sanitation		0.0
5. Housing		0.0
6. Government Servants (Housing)	92	310.0
7. Others	89	500.0
b) Economic Services (1 to 10)	9,870	9106.7
1. Crop Husbandry		0.0
2. Soil and Water Conservation		0.0
3. Food Storage and Warehousing		0.0
4. Co-operation		0.0
5. Major and Medium Irrigation, etc.		0.0
6. Power Projects	9,870	0.0
7. Village and Small Industries		0.0
8. Other Industries and Minerals		6106.7
9. Rural Development	10,395	0.0
10. Others		3000.0
2. Non-Development Purposes (a + b)	100	0.0
a) Government Servants (other than Housing)	100	0.0
b) Miscellaneous		0.0
Inter-State Settlement		0.0
Contingency Fund		0.0
State Provident Funds, etc. (1+2)		442028.0
1. State Provident Funds		438300.0
2. Others		3728.0
Reserve Funds (1 to 4)		58870.0
1. Depreciation/Renewal Reserve Funds		0.0
2. Sinking Funds		0.0
3. Famine Relief Fund		0.0
4. Others		58870.0
Deposits and Advances (1 to 4)		230042.1
1. Civil Deposits		1127.0
2. Deposits of Local Funds		227715.1
3. Civil Advances		1200.0
4. Others		0.0
Suspense and Miscellaneous (1 to 4)		22383.1
1. Suspense		16455.1
2. Cash Balance Investment Accounts		3600.0
3. Deposits with RBI		0.0
4. Others		2328.0
Appropriation to Contingency Fund		0.0
Remittances		16705.1
Surplus (+)/Deficit (-) on Revenue Account	-68,781	755760.8
Surplus (+)/Deficit (-) on Capital Account	50,814	-1020746.0
Overall, Surplus (+)/Deficit (-) (A+B)	-17,967	-264985.3
Financing of Surplus (+)/Deficit (-) (C = i to iii)		-264985.3
i. Increase (+)/Decrease (-) in Cash Balances	-17,967	-295275.2
a) Opening Balance	-87,127	-333491.8
b) Closing Balance	-105,094	-628766.9
ii. Withdrawals from (-)/Additions to (+) Cash Balance		
iii. Increase (-)/Decrease (+) in Ways and Means Advances		
and Overdrafts from RBI (net)		30289.9

Source: RBI, Handbook of Statistics on Indian Economy (Various Issues)

- **Impact of public expenditure on economic growth in Jammu & Kashmir**

To check the impact of public expenditure on economic growth in Jammu & Kashmir, Ordinary Least Square technique was employed. Before that Unit Root test was done to check whether the data is stationary or not.

Unit Root Test:

Unit root:

Variable Name	ADF Intercept	ADF I(1) intercept	PP level Intercept	PP I(1) intercept
GSDP	1.450494	-5.956538*	1.301138	-5.962016*
TOTAL_EXP	2.907514	-3.953119*	3.211335	-3.944700*

Authors calculation Using E views software, *, **, *** represents level of significance at 1%,5%,10%

Ordinary Least Squares:

The Ordinary Least Squares (OLS) formula is a method used in statistics and econometrics to estimate the parameters of a linear regression model. In simple terms, it is used to find the best-fitting linear relationship between a dependent variable (often denoted as "Y") and one or more independent variables (often denoted as "X").

The formula for OLS can be written as follows for a simple linear regression with one independent variable:

$$Y = \beta_0 + \beta_1 X + \epsilon$$

Where:

Y represents the dependent variable, X represents the independent variable, β_0 is the intercept of the regression line (the value of Y when X is 0), β_1 is the slope of the regression line (it represents the change in Y for a one-unit change in X), ϵ represents the error term, which accounts for the variability in Y that cannot be explained by the linear relationship with X.

The goal of OLS is to find the values of β_0 and β_1 that minimize the sum of the squared differences between the observed values of Y and the values predicted by the linear regression model. This is typically done using mathematical optimization techniques to find the values of β_0 and β_1 that minimize the sum of squared residuals (the differences between observed and predicted values). Once these values are found, we have the best-fitting linear regression equation for our data.

Findings of OLS

Variable	Coefficient	Std. Error	t-Statistic	Prob.
TOTAL_EXP	0.694577	0.026604	26.10824	0.0000
C	41312.15	905.2232	45.63753	0.0000

R-squared	0.974272	Mean dependent var	61061.30
Adjusted R-squared	0.972843	S.D. dependent var	13493.74
S.E. of regression	2223.677	Akaike info criterion	18.34635
Sum squared resid	89005327	Schwarz criterion	18.44592
Log likelihood	-181.4635	Hannan-Quinn criter.	18.36579
F-statistic	681.6402	Durbin-Watson stat	0.908885
Prob(F-statistic)	0.000000		

The results revealed that with the increase in one unit of public expenditure, the economic growth will increase by 0.69% percent. Thus, expanding expenditure in union territory of Jammu & Kashmir will lead to significant improvement in its economic growth. Therefore, the government should increase the allocation for public expenditure in order to boost basic infrastructure and consequently improve economic growth.

CONCLUSION :

The study clearly shows that public expenditure plays an crucial role in accelerating the overall development in the union territory of Jammu and Kashmir. The study will be helpful to policy makers for framing and interpreting economic policies in the near future for Jammu and Kashmir. Moreover, the study will add to existing literature, thereby providing relevant knowledge and information that may guide further research on the topic.

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