A steady and continuous increase in the development expenditure is very necessary for a steady and continuous growth of any economy. Public expenditure on Social and Community Services, Economic Services, and Grants in Aid to States and Union Territories would increase the developmental process in a country like India. But the Indian economy should have sufficient absorptive capacity to convert these items of development expenditure into the development and the growth of the economy. There should be a judicious assessment of the absorptive capacity of the country and that of the development expenditure of the country; and the policy makers should aim at a judicious synchronization of these two economic phenomenon.

Similarly, there should be a very efficient apportionment of the public expenditure between the developmental aspects and the non-developmental aspects of public expenditure and the expenses, which do not directly contribute to economic development, should be kept to the minimum level.

But the expenditure on defence should be carefully planned so as to meet the needs of the defence preparedness of the country. Similarly an expenditure on pensions and subsidies should also be carefully planned. Subsidies should be given only for realizing the goals of the economic policy and should go to the actual beneficiaries, who would indirectly contribute to the achievements of our goals on economic policy. There
should be a judicious policy of making institutions like the Life Insurance Company and the Unit Trust of India take upon themselves the responsibility of distributing pensions. The interest payment obligation should be gradually reduced to achieve a reduction in interest payments.

**BIBLIOGRAPHY**

Books


