PREFACE

The relationship between government expenditure and economic growth has generated a series of debate among scholars. A very important question is whether or not government expenditure increases the long run steady state growth rate of the economy. The general view is that government expenditure, notably on physical infrastructure or human capital can promote growth. However, the financing of government expenditure through increase in taxes or borrowing can retard growth because of the disincentive effects associated with it. The increasing role of the government in the economic management has considerable importance in the context of a developing state like Assam and has evoked interest in the study of the impact of government expenditure. The present study analyses the impact of government expenditure on economic growth of Assam and suggests certain policy measures.

The present study is divided into five chapters.

Chapter one presents the statement of the problem, theoretical background, review of literature, objectives, hypothesis and data, concepts and methodology.

Chapter two discusses the trend, pattern and composition of government expenditure in Assam from 1981-82 to 2006-07.

Chapter three investigates the impact of government expenditure on economic growth in terms of the growth rate of real GSDP in Assam.

Chapter four investigates the impact of government expenditure on economic growth in terms of the growth rate of real per capita GSDP in Assam.

Chapter five which is the final chapter summarizes the major findings of the study and discusses the policy implications.

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