

FISCAL MANAGEMENT OF SUB NATIONAL GOVERNMENTS OF INDIA

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ABSTRACT

It is the prime focus of the state governments to keep fiscal deficit, public debt, and inflation in limits. Though fiscal sustainability is essential but it is not sufficient condition for growth. The design of fiscal policy and it's transmission channel through which fiscal policy affects economic growth and welfare also needs to be focused. This necessitates that focus should also be shifted to the possible outcome of a level, composition, the effectiveness of public expenditures and efficiency of public revenue system. According to IMF (2006), fiscal policy, that neglects these dimensions face the risk of fiscal instability and emphasize low economic growth and standard of living of people. Therefore, we decided to incorporate the likely dimensions of a fiscal policy i.e. level, composition, and effectiveness of public expenditures and efficiency of public revenue system in this study.

KEYWORDS: *The Effectiveness of Public Expenditures and Efficiency, Fiscal Performance of State Governments*