

# Public expenditure

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Effect of Public expenditure on distribution

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- **Effect of Public expenditure on distribution**
  - Public expenditure is powerful tool in the hands of the government to bring about equitable distribution of income and wealth. To get rid of inequality in the distribution of wealth, taxation and Public expenditure are complementary and supplementary to each other.
  - if most of Public expenditure is incurred for the welfare of the poor section, it will result to bring about a more equitable distribution of wealth and income in the society and vice-versa.



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- Public expenditure is progressive if it incurred on the activities which adds to the real income of the poor. Progressive public expenditure leads to reduce greatly inequality as the lower income groups would be benefited more than the upper income groups.
- It is proportional if the Public expenditure is benefiting different groups of the community in proportion to their income.

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- There are various forms of progressive expenditure such as cash grants, free or cheap goods and services, as it benefits the poorer sections of the community more than the rich. Public expenditure on the free education and food subsidies are the example of its progressive, in so far as the subsidised foods form large proportions of the expenditure of the poor than the rich.
- To be Continued -----