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## **DEVELOPMENT EXPENDITURE. WHY FINANCIAL ECONOMICS IS IMPORTANT IN CALCULATING BUDGET ALLOCATION FOR DEVELOPMENT EXPENDITURE FOR A COUNTRY? A COMPARATIVE ANALYSIS OF SOUTH AND WESTERN EASTERN EUROPEAN C**

### **Abstract:**

The calculating budget allocation for development expenditure for any country vary relatively, the study will explore in detailed the impact of the annual budgets and highlight their impact on the development expenditure on comparative analysis from countries of European South East and Western. Therefore, the researcher will utilize secondary and primary research techniques in order to address the research questions. In developing or transitional economies some problems are much more severe than in developed economies, and some are wholly different - notably the handling of development expenditure. The epoch-making macro-economic variables are introduced through the application of the econometric models of various kinds, such as linear, log-linear in single equation system, multiple forms and the Granger Causality test by applying the annual data for the period of 1974/75 to 2019/20 in current as well as constant term. From coefficient of manufactured GDP, GDP, GNP and PCI respectively we will indicate that development expenditure is highly significant in determining development. The role of foreign aid, internal loan and internal revenue on real and nominal development and aggregate regular expenditures have also been sought through the use of multiple regression models in both linear and log-linear. Moreover, we use the critical method that seeks to correct conclusions or to disprove faulty conclusion about the development expenditure. The secondary data used in this study will collected by careful examination of reports published by the concerned authorities such as NRB, MOF, various budget speeches of government from countries of European South East and Western countries, books and journals.

### **Keywords:**

Key words: financial economics, calculating budget, comparative analysis, development expenditure.

**JEL Classification:** C40, R15, O52