

M.A. (Final) Economics

Paper-VII

Public Economics

M. Marks : 100

Time : 3 Hrs.

Note:

- (i) Question paper will consist of two sections A and B
- (ii) Section A will consist of two Compulsory questions spread over the whole of syllabus. The first question will consist of 7 parts and the candidate will be required to attempt 5 parts. Answers will be very short type about 35 words carrying 4 marks each. The second question will consist of 3 parts and the candidate will be required to attempt 2 parts. Answer will be short type of about 200 words carrying 10 marks each.
- (iii) Section B of the paper will consist of 6 questions taking two from each unit, and the candidate will be required to attempt 3 questions selecting one from each unit. The answers will be full length essay type carrying 20 marks each.

UNIT-I

Economic Rationale of Government, Fiscal functions; Market failures: Imperfections, Decreasing costs, Externalities and public goods; Concepts of Private Goods Pure Public Goods Mixed Goods and Merit Goods; Theory of Public Goods: The optional provision of Public Goods, Free Rider's Problem, Lindahl Equilibrium; Public choice and Fiscal decision making, Voting systems, Majority voting.

UNIT-II

Public Expenditure: Structure and Growth of Public Expenditure; Wagner's Hypothesis, Peacock-Wiseman hypothesis; Economic effects of Public Expenditure; Criteria for Public Investment, Social Cost-Benefits analysis: Valuation of benefits and costs, discount rate; Budgeting: Concepts of budgets Reforms in Expenditures budgeting and zero based budgeting; Budget making process in India; Public Expenditure in India; Trends and Issues.

UNIT-III

Theory of Taxation: Various approaches to Taxation, neutrality, equity, ability to pay, benefits principle, revenue maximization, income maximization, Analysis of incidence of taxes, Efficient tax design: Optional Taxation, Effects of Taxation on work effort, savings, investment and growth; Classification of taxes: Direct and indirect taxes, progressive, proportionate and regressive taxes, Ad-valorem and specific taxes; Tax systems in India: Structure, Composition and various economic issues.

UNIT-IV

Fiscal Federalism: Principles of Multi-Unit Finance; Principles of Grant Design; Indian Fiscal Federalism, Vertical and horizontal imbalances, Assignment of functions and sources of Revenue; Constitutional provisions; Finance Commissions and Planning Commission; Centre-State financial Relations in India, Problems of States' resources and indebtedness; Transfer of resources from Union and States to Local Bodies.

UNIT-V

Fiscal Policy: Instruments and transmission mechanisms: Fiscal policy for stabilization-automatic vs. discretionary stabilization; Various concepts of budgetary deficits, Fiscal Deficits in India: extent, trend and implication; Public Debts: Functional Finance and the controversy regarding burden of public debt and its shifting, Public Borrowing, Debt Management.