

PAPER-IV (A) PUBLIC ECONOMICS

(Question will be set from each Unit / Section)

- UNIT-I** **Introduction** : Role of Government in organized society : changing Perspective -government in a mixed economy: public and private sector, cooperation or competition; Government as an agent for economic planning and development. Public Choice private and public mechanism for allocating resources; problem for allocating resources: rational for public policy : Allocation of resources - provision of public goods; (contributions of Samuelson and Musgrave); provision of infrastructure facilities removing distributional inequalities and regional imbalances.
- UNIT- II** **Public Expenditure** : pure theory of public expenditure; Structure and growth of public expenditure: criteria for public investment; Social cost- benefit analysis project evaluation Estimation of costs discount rate: Reforms in expenditure budgeting; Programme budgeting and zero base budgeting.
- UNIT- III** **Taxation** : Theory of incidence; Alternative concepts of incidence- Allocative and equity aspect of individual taxes; benefit and ability to pay approaches; theory of optimal taxation; Excess; Revenue of the Union States and local bodies major tax forms in direct and indirect taxes, on service Non tax revenue of Centre State and local bodies; Analysis of central and State government Budgets.
- UNIT- IV** **public Debt** : Classical view public debt; Compensatory aspect of debt policy Burden of public debt; sources of public debt; Debt through created money public borrowings and price level Objective of fiscal policy - interdependence of fiscal and monetary policies budgetary deficits and implications.
- UNIT- V** **Fiscal Federalism** : principles of multi-unit finance; Fiscal federalism in india, Vertical horizontal imbalance; Assignment of function and sources of revenue: Constitutional provisions; Finance Commission and planning Commission; Devolution resources and grants ; theory of grants; Resource transfer from Union to State - Criteria for transfer of resources; Centre- State financial relations in india; Problems of State resources and indebtedness; Transfer of resources from Union and State to local bodies.