

**Dr. B. R. AMBEDKAR OPEN UNIVERSITY**  
**Faculty of Social Sciences, Dept. of ECONOMICS**  
B.A. II YEAR; Semester – IV : Discipline Specific Course (Credits - 5)

**COURSE – IV : PUBLIC FINANCE AND INTERNATIONAL ECONOMICS**

**Block – I: Introduction to Public Finance and Public Revenue**

Unit – 1: Nature, Scope and Evolution of Public Finance - Principle of Maximum Social Advantage – Role of State in Economic Activities.

Unit – 2: Public Revenue: Sources and Classification – Direct and Indirect Taxes – Progressive, Proportional and Regressive Taxes – Indian Tax System.

Unit – 3: Canons of Taxation – Impact and Incidence of Taxation – Effects of Taxation.

**Block – II: Public Expenditure and Public Debt**

Unit – 4: Public Expenditure: Classification and Principles – Determinants of Public Expenditure – Effects of Public Expenditure.

Unit – 5: Public Debt: Nature, Sources and Classification – Effects and Redemption of Public Debt – Debt Trap.

**Block – III: Fiscal Policy, Federal Finance and Budget**

Unit – 6: Fiscal Policy: Concept and Objectives – Federal Finance: Concept and Features – Centre-State Financial Relations – Finance Commission: Functions.

Unit – 7: Budget: Concepts, Classification & Types – Revenue Account – Capital Account – Budget Deficits: Concepts and Types – Budgeting in India.

**Block – IV: International Trade and Development**

Unit – 8: Introduction to International Trade – Role of International Trade in Economic Development – Theories of International Trade - Smith and Record

Unit – 9: Concepts of Terms of Trade and Gains from Trade – Factors Affecting Terms of Trade – Uses and Limitations of Terms of Trade.

Unit – 10: Balance of Trade – Factors Affecting Balance of Trade – Recent Trends in India's Balance of Trade - Tariffs & Quotas.

**Block – V: Balance of Payments and Exchange Rates**

Unit – 11: Concept, Components and Determinants of Balance of Payments – Equilibrium and Disequilibrium in Balance of Payments.

Unit – 12: Remedial Measures to Correct Disequilibrium in Balance of Payments – Recent Trends in India's Balance of Payments.

Unit – 13: Exchange Rates: Concept, Fixed Vs Flexible Exchange Rates, Its Merits and Demerits – Foreign Exchange Market in India.