

**UNIVERSITY OF DELHI
DELHI SCHOOL OF ECONOMICS
DEPARTMENT OF ECONOMICS**

Minutes of the Meeting

Subject : B.A (Hons.) Economics CBCS Sem - IV, 2017
Course : SEC-IV: Contemporary Economic Issues
Date of Meeting : Tuesday, 17th January 2017
Venue : Department of Economics, Delhi School of Economics, University of Delhi

The following members were present:

1.	Ritu Khanna	Daulat Ram College
2.	Pooja Verma	Lady Shri Ram College
3.	Taruna Rajora	Dyal Singh College
4.	Sandhya Varshney	Dyal Singh College
5.	Rajeev Parashar	Lady Shri Ram College
6.	Dr. Kh. Pou	Kamala Nehru College
7.	Shantanu Sarkar	Miranda House
8.	Anita	Kalindi College
9.	Bijoyata Yonzon	Janki Devi Memorial College
10.	Bal Krishnan Negi	Atma Ram Sanatan Dharam
11.	Amit Kumar	Indraprastha College

The course seeks to familiarize the students with basic concepts related to some contemporary economic issues. Its aim is to equip the students with sufficient knowledge and skills so as to understand media discussions, and to critically analyze contemporary issues that figure in high-profile government documents, in particular the Economic Survey and the Union Budget. Such capability is necessary to understand government policies and also to increase people's participation in economic decision-making. The course will also help to relate the theoretical frameworks of the Microeconomics and Macroeconomics courses to the Indian context, and to prepare students for the more detailed treatment of Indian economic issues in semesters V and VI. The emphasis in the course will be on conceptual understanding, not data.

I. Concepts

- a. Fiscal policy, need for government spending, areas of government spending in India
- b. Capital expenditure, revenue expenditure, plan expenditure, non-plan expenditure.
- c. Deficits (fiscal, primary, revenue), impact of fiscal deficit on economy, need to control fiscal deficits,
- d. Capital receipts, revenue receipts, tax and non-tax revenue, direct and indirect taxes, need to rationalize tax structure. Goods and Services Tax (GST).
- e. Actuals, Revised Estimates, Budget Estimates
- f. Zero-base budgeting
- g. Gender budgeting
- h. Fiscal devolution and centre-state financial relations in India
- i. Index numbers: Laspeyres, Paasche, and Ideal index numbers. WPI, CPI and implicit deflators.

II. Economic Survey

III. The Union Budget

Need for the Budget, Understanding the process of budget making in India, Analysis of budget in terms of various parameters such as:

- a) Deficits –trends in fiscal deficit and revenue deficit
 - b) Receipts - proposed sources of revenue and expected growth in revenue; steps taken to increase revenue such as tax simplification, improvement in tax administration, expansion of tax net;
 - c) Expenditure -expenditure pattern and expected growth in expenditure;
- The thrust areas of the budget; areas / sectors which have received higher or lower share of expenditure, reasons and consequences thereof; steps proposed to ensure effective spending.

Suggested Readings

Union Budget

1. The Key to Budget Documents

<http://indiabudget.nic.in/ub2016-17/keybud/keybud2016.pdf>
Budget at a Glance
<http://indiabudget.nic.in/ub2016-17/bag/bag11.pdf> Budget at a Glance
<http://indiabudget.nic.in/ub2016-17/bag/bag2.pdf> Receipts at a Glance
<http://indiabudget.nic.in/ub2016-17/bag/bag3.pdf> Expenditure at a Glance
2. Let's Talk About Budget. Centre for Budget and Governance Accountability. Chapters 4 to 6. Union Budget of India, Making of Union Budget, What does Union Budget papers look like? This text can be downloaded from <http://www.cbgaindia.org/primers-manual/lets-talk-about-budget/>
3. Pranab Mukherjee (2012), "Budget Making", in K. Basu and A. Maertens (eds), *The New Oxford Companion to Economics in India*, OUP.
4. Dipak Dasgupta and Supriyo De (2012), "Fiscal Deficit", in Basu and Maertens.
5. Uma Kapila (2016), "Fiscal and Budgetary Developments", in *Indian Economy Since Independence*, Academic Foundation, latest edition.
6. Y V Reddy (2015), "Continuity, Change and The Way Forward: Fourteenth Finance Commission", EPW Vol. 50, Issue No. 21, 23 May, 2015. (Pp.27-31, Subpoint 1-9)
7. The Fourteenth Finance Commission (FFC) - Implications for Fiscal Federalism in India. Volume 1: Chapter 10, Economic Survey 2014-15. (Only Points 10.1 and 10.2)
<http://indiabudget.nic.in/budget2015-2016/es2014-15/echapvol1-10.pdf>
8. Chakraborty, Pinaki (2015) "Intergovernmental Fiscal Transfers in India: Emerging Trends and Realities" in P. Patnaik (ed), *Economics Volume 3: Macroeconomics*, Oxford University Press India.

9. Mukherjee, Sacchidananda (2015). "Present State of Goods and Services Tax (GST) Reform in India," Working Paper No. 2015-154 (September 2015), National Institute of Public Finance and Policy, New Delhi.

10. **Economic Survey (2015-16):**

- a. Spreading JAM Across Indian Economy : Volume 1 .Chapter 3
<http://indiabudget.nic.in/es2015-16/echapvol1-03.pdf>
- b. Fiscal Capacity for the 21st Century. Volume 1: Chapter 7
<http://indiabudget.nic.in/es2015-16/echapvol1-07.pdf>
- c. External Sector: Volume 2 : Chapter 4
<http://indiabudget.nic.in/es2015-16/echapvol2-04.pdf>
Table 4.3 should be given specific emphasis. The student should be able to comprehend the balance of payments chart of the country.
- d. Social Infrastructure, Employment and Human Development. Volume 2: Chapter 9
<http://indiabudget.nic.in/es2015-16/echapvol2-09.pdf>

Recommended readings for teachers. Questions shall NOT be asked from these readings in the end semester test.

1. *Economic Survey (latest)*, Government of India, Ministry of Finance. Full chapter (excluding boxed items) on 'Economic Outlook, Prospects, and Policy Challenges'.
2. *Fiscal Policy Strategy Statement*, available at indiabudget.nic.in.
3. Economic and Social Classification of the Budget, available at <http://finmin.nic.in/reports/FunClass201415.pdf>.
4. 14th Finance Commission Report.
<http://finmin.nic.in/14fincomm/14thFinanceCommission.htm>
5. M.R. Spiegel (2003), *Theory and Problems of Probability and Statistics*, ch.19.

Evaluation

The SEC course on Contemporary Economic Issues will have 75 marks examination at the end of the semester and 25 marks for internal assessment. Apart from the 5 marks for attendance, the rest of the 20 marks shall be for either for class test or written project (which shall be presented in the class i.e., written project + presentation). The project shall be related to issues in the Economic Survey and Union Budget with related articles in this regard.

End Semester Examination of 75 marks (Three Hours)

The question paper shall have two sections: Section A and Section B

- Section A is compulsory. It shall have **two** questions with sub-parts. The first would test the understanding of the student on the concepts related to the budget, and the second on the basis of the balance of payments chart. Both shall be through a set of short questions as well as simple numerical to be answered on the basis of the data provided. (Max Marks 15)
- Section B shall have six questions out of which the student shall attempt **four**. Each question carries 15 marks each. (Max Marks 60)