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## शक्तिउत्थानआश्रमलखीसरायबिहार

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### The Government: Functions and Scope

In a mixed economy, apart from the private sector, there is the government which plays a very important role. In this chapter, we shall not deal with the myriad ways in which it influences economic life but limit ourselves to three distinct functions that operate through the revenue and expenditure measures of the government budget. मिश्रित अर्थव्यवस्था में, निजी क्षेत्र के अलावा, सरकार है जो बहुत महत्वपूर्ण भूमिका निभाती है। इस अध्याय में, हम उन असंख्य तरीकों से नहीं निपटेंगे जिनमें यह आर्थिक जीवन को प्रभावित करता है लेकिन खुद को तीन अलग-अलग कार्यों तक सीमित करता है जो सरकार के बजट के राजस्व और व्यय उपायों के माध्यम से संचालित होते हैं।

First, certain goods, referred to as public goods (such as national defence, roads, government administration), as distinct from private goods (like clothes, cars, food items), cannot be provided through the market mechanism, i.e. by transactions between individual consumers and producers and must be provided by the government. This is the allocation function. सबसे पहले, कुछ सामान, जिन्हें सार्वजनिक वस्तुओं के रूप में संदर्भित किया जाता है (जैसे राष्ट्रीय रक्षा, सड़क, सरकारी प्रशासन), निजी सामान (जैसे कपड़े, कार, खाद्य पदार्थ) से अलग, बाजार तंत्र के माध्यम से प्रदान नहीं किया जा सकता है, अर्थात् व्यक्ति के बीच लेनदेन द्वारा। उपभोक्ताओं और उत्पादकों और सरकार द्वारा प्रदान किया जाना चाहिए। यह आवंटन कार्य है।

Second, through its tax and expenditure policy, the government attempts to bring about a distribution of income that is considered 'fair' by society. The government affects the personal disposable income of households by making transfer payments and collecting taxes and, therefore, can alter the income distribution. This is the distribution function. दूसरा, अपनी कर और व्यय नीति के माध्यम से, सरकार समाज द्वारा उचित 'मानी जाने वाली आय के वितरण को लाने का प्रयास करती है। सरकार स्थानांतरण भुगतान करके और कर एकत्र करके

परिवारों की व्यक्तिगत डिस्पोजेबल आय को प्रभावित करती है और इसलिए, आय वितरण को बदल सकती है। यह वितरण समारोह है।

Third, the economy tends to be subject to substantial fluctuations and may suffer from prolonged periods of unemployment or inflation. The overall level of employment and prices in the economy depends upon the level of aggregate demand which is a function of the spending decisions of millions of private economic agents apart from the government. These decisions, in turn, depend on many factors such as income and credit availability. In any period, the level of expenditures may not be sufficient for full utilisation of labour and other resources of the economy. Since wages and prices are generally rigid downwards (they do not fall below a level), employment cannot be restored automatically. Hence, policy measures are needed to raise aggregate demand. On the other hand, there may be times when expenditures exceed the available output under conditions of high employment and thus may cause inflation. In such situations, restrictive conditions are needed to reduce demand. These constitute the stabilisation requirements of the domestic economy. तीसरा, अर्थव्यवस्था काफी उतार-चढ़ाव के अधीन होती है और लंबे समय तक बेरोजगारी या मुद्रास्फीति से पीड़ित हो सकती है। अर्थव्यवस्था में रोजगार और कीमतों का समग्र स्तर कुल मांग के स्तर पर निर्भर करता है जो सरकार के अलावा लाखों निजी आर्थिक एजेंटों के खर्च के फैसले का एक कार्य है। बदले में, ये निर्णय आय और ऋण उपलब्धता जैसे कई कारकों पर निर्भर करते हैं। किसी भी अवधि में, श्रम के पूर्ण उपयोग और अर्थव्यवस्था के अन्य संसाधनों के लिए व्यय का स्तर पर्याप्त नहीं हो सकता है। चूंकि मजदूरी और कीमतें आम तौर पर नीचे की ओर कठोर होती हैं (वे एक स्तर से नीचे नहीं गिरती हैं), रोजगार स्वचालित रूप से बहाल नहीं किया जा सकता है। इसलिए, कुल मांग बढ़ाने के लिए नीतिगत उपायों की आवश्यकता है। दूसरी ओर, ऐसे समय हो सकते हैं जब व्यय उच्च रोजगार की शर्तों के तहत उपलब्ध आउटपुट से अधिक हो और इस प्रकार मुद्रास्फीति हो सकती है। ऐसी स्थितियों में मांग को कम करने के लिए प्रतिबंधात्मक स्थितियों की आवश्यकता होती है। ये घरेलू अर्थव्यवस्था की स्थिरीकरण आवश्यकताओं का गठन करते हैं।

To understand the need for governmental provision of public goods, we must consider what distinguishes them from private goods. There are two major differences. One, the benefits of public goods are not limited to one particular consumer, as in the case of private goods, but become available to all. For instance, if a person consumes a chocolate or wears a shirt, these will not be available to other individuals. This person's consumption stands in a rival relationship to the consumption of others. However, if we consider a public park or measures to reduce air pollution, the benefits will be available to all. The consumption of such products by several

individuals is not 'rivalrous' in the sense that a person can enjoy the benefits without reducing their availability to others. Two, in case of private goods anyone who does not pay for the good can be excluded from enjoying its benefits. If you do not buy a ticket, you are excluded from watching a film at a local theatre. However, in case of public goods, there is no feasible way of excluding anyone from enjoying the benefits of the good (they are non-excludable). Since non-paying users usually cannot be excluded, it becomes difficult or impossible to collect fees for the public good. This is what is called the 'free-rider' problem. Consumers will not voluntarily pay for what they can get for free and for which there is no exclusive title to the property being enjoyed. The link between the producer and the consumer is broken and the government must step in to provide for such goods. Public provision, however, is not the same as public production. Public provision means that they are financed through the budget and made available free of any direct payment. These goods may be produced directly under government management or by the private sector.

The chapter proceeds as follows. In section 5.1, we present the components of the government budget to bring out the sources of government revenue and the avenues of government spending. In section 5.2, we discuss the issue of government deficit, when expenditures exceed revenue collection. Section 5.3 deals with fiscal policy and the multiplier process within the income expenditure approach described earlier. Government borrowing to cover deficits leads to debt accumulation – what the government owes. The chapter concludes with an analysis of the debt issue.