

Fiscal Policy

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**Fiscal Policy is that under which
the Government uses its revenue
and expenditure programmes to
produce desirable effects on
National income, Production
and Economy**

Objectives of Fiscal Policy

1. Mobilisation of Resources
2. Optimum Allocation of Economic Resources.
3. Acceleration of economic Growth.
4. Minimisation of the inequalities on income & Wealth.
5. Increasing Employment Opportunities.
6. Price Stability.

Instruments of Fiscal Policy

A. Taxes

B. Public Expenditure

C. Public Debt

D. Budget

A. Nation's Budget

1. Annually Balanced Budget
2. the Cyclically Balanced Budget
3. Fully managed Compensatory Budget.

B. Taxation

1. Tax Policy during inflation
2. Tax Policy during deflation
3. Optimum level of Taxation for
Economic Stability

C. Public Expenditure

1. Public Expenditure policy during
policy during inflation.
2. Public Expenditure during Depression

Concept of Public Spending

1. Compensatory Public Spending
2. Pump Priming

D. Public Debt

- i. Borrowing from non- bank public.
- ii. Borrowing from the banking system.
- iii. Drowning from treasury
- iv. Printing of currency notes.

The Link between Monetary and Fiscal Policy