B.A

CORE COURSE (CC): ECONOMICS

SEMESTER - III

(BAB32301T) PUBLIC FINANCE

MAX.MARKS:100
EXTERNAL: 70
INTERNAL: 30
PASS: 40%
Credits: 6

OBJECTIVE:

This course introduces the basic principles of public expenditure and revenue. It acquaints the students with the needs and effects of public debt and deficit financing and how a fiscal policy works under the conditions of deflation and inflation.

COURSE OUTCOMES:

CO1	Understanding of the economic concepts of public finances
CO2	Understand of the usefulness and problems related to government revenues and expenditures.
CO3	Understand government taxes: direct and indirect taxes
CO4	Familiarise students with the main issues in Government budget

INSTRUCTIONS FOR THE PAPER SETTER/EXAMINER:

1. The syllabus prescribed should be strictly adhered to.
2. The question paper will consist of three sections: A, B, and C. Sections A and B will have four questions each from the respective sections of the syllabus and will carry 10 marks each. The candidates will attempt two questions from each section.
3. Section C will have fifteen short answer questions covering the entire syllabus. Each question will carry 3 marks. Candidates will attempt any 10 questions from this section.
4. The examiner shall give a clear instruction to the candidates to attempt questions only at one place and only once. Second or subsequent attempts, unless the earlier ones have been crossed out, shall not be evaluated.
5. The duration of each paper will be three hours.

INSTRUCTIONS FOR THE CANDIDATES:

Candidates are required to attempt any two questions each from the sections A, and B of the

question paper, and any ten short answer questions from Section C. They have to attempt questions only at one place and only once. Second or subsequent attempts, unless the earlier ones have been crossed out, shall not be evaluated.

Section - A

Unit 1: Introduction to Public Finance: Meaning, Nature and Scope.

Unit 2: Theory of Social Goods

Unit 3: Public Expenditure: Theory of Public Expenditure: Maximum Social Advantage, Effects of Public Expenditure, Causes for the growth of public expenditure.

Unit 4: Theories of Taxation- Benefits and Ability to pay approach, Effects of Taxation.

Section -B

Unit 5: Analysis of major taxes: income tax, expenditure tax, (GST) corporation tax, custom duties. Theories of tax shifting; concepts of incidence, measurement of incidence.

Unit 6: Public Debt: Meaning, types, sources and Role. Burden and Redemption of Public Debt. Public Debt Management. Budgetary Policies: Functional and Economic

Unit 7: Classification of budgets: Balanced and unbalanced budgets, Performance budgets, Budgets as an instrument of mobilization and channelization of resources and redistribution of income and wealth.

Unit 8: Deficit Financing: Objectives and Limitations. Fiscal Federalism: Principles of Federal Finance.

Suggested Readings:

- A.R. Musgrave and P.B. Musgrave: Public Finance in Theory and Practice, McGraw Hill, International Student's Edition, 1976.
- H. Dalton: Principles of Public Finance, London, Routledge and Kegan Paul, 1936.
- John Cullis and Philip Jones, Public Finance and Public Choice, Oxford
- University Press, 1st edition, 1998.
- Ulbrich, H. (2003), Public Finance in Theory and Practice. Thomson.
- Aronson, J.R. (1985). Public Finance. New York: McGraw-Hill International.
- Houghton, R. W. (1973). Public finance. London: Penguin Education.