B.A

GENERIC ELECTIVE

SEMESTER - VI

(BAB33610T) PUBLIC FINANCE(GE-2) (ii)

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:

CO 1:	Understanding of the economic concepts of public finances
CO 2:	Understand of the usefulness and problems related to government revenues and expenditures.
CO 3:	Understand government taxes: direct and indirect taxes
CO 4:	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: Nature, Scope and its Importance.

UNIT 2 Public Expenditure: Theory of Public Expenditure: Maximum Social Advantage, Theory of Social Goods. Effects of Public Expenditure on Production and Distribution, Social over-head capital, stability and innovation. Causes for the growth of Public expenditure.

UNIT 3 Theory of Public Revenue: Theories of Taxation-Benefits, Principles: Cost of ServicePrinciple, Ability to pay. Theory, Principle of Equity. Effects of Taxation.

UNIT 4 Analysis of major taxes: income tax, expenditure tax,(GST) corporation tax, custom duties. Theories of tax shifting; concepts of incidence, measurement of incidence.

Section -B

UNIT 5 Public Debt: Its Types and Role. Burden and Methods of Redemption of Public Debt. Debt Management. Budgetary Policies: Functional and Economic Classification of budgets and their uses. Balanced and unbalanced budgets, Performance budgets,Budgetsasan instrument of mobilization andchannelization of resources and redistribution of income and wealth.

UNIT 6 Deficit Financing: Objectives and Limitations. Fiscal Federalism: Principles ofFederal finance.

UNIT 7 Development Finance: Functional Finance vs. Development finance. Development Financial Institution. Effectiveness of fiscal policy in periods of inflation and deflation.

Suggested Readings:

- A.R. Musgrave and P.B. Musgrave : Public Finance in Theory and Practice, McGrawHill,International Student's Edition, 1976.
- H. Dalton : Principles of Public Finance, London, Routeledge and Kegan Paul, 1936.
- John Cullis and Philip Jones, Public Finance and Public Choice, OxfordUniversity Press, 1st edition, 1998.
- Ulbrich, H. (2003), Pubic 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.