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| **PROGRAM** | **Master of Business Administration** |
| **SEMESTER** | **IV** |
| **COURSE TITLE** | **Public Finance and Policy** |
| **COURSE CODE** | **04MB0446** |
| **COURSE CREDITS** | **3** |
| **COURSE DURATION** | **42** |

**COURSE OUTCOMES:**

* To know the role of government in the economy, applying tools of basic microeconomics
* To find out the important policy questions such as government response to global public finance policy challenges.
* To discuss various economic activities of the public sector; with taxation and expenditures of governments and their effects on the economy. In addition, governments create regulations that significantly affect the economy without involving either taxes or expenditure.
* To explore the Public Finance policy and take away that governments were pure, selfless institutions that would function perfectly to implement socially optimal policies.
* To know the functioning of Social Security versus private retirement savings accounts, government versus private health insurance, setting income tax rates for individuals and corporations.

**COURSE CONTENTS:**

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| **Unit No** | **Unit / Sub Unit** | **Sessions** |
| **I**  **Public goods in theory and practice** | Public provision of private goods, Meaning, Nature & Scope, Importance, Role of Government in Changing Perspective; Government as an agent of economic growth and development; Fiscal Functions of the Government; Classification of Goods: Private, Public, Social, Merit and Mixed Goods, Regional public goods in practice. | 08 |
| **II** **The Size of Government and Public Revenue** | Level of Government and Functions: Union, State and Local- functions of each level for public finance policy, Closed economy, open economy, mixed economy Public Revenue: Sources of Revenue, Taxation – characteristics of a good taxation system, Canons of taxation, direct vs. indirect taxes, principles of taxation, effects of taxation, taxable capacity, impact and incidence of taxation; Tax structure in India and Recent Reforms - GST. | 10 |
| **III**  **Public Debt and Public Budget** | Sources of Public Debt, Burden of public debt – theories, effects of public debt, methods of debt redemption, Public Debt Management in India. Public Budget - Concept of public budget, types of public budget, theories of public budgeting. | 08 |
| **IV**  **Federal Finance and Fiscal policy** | Principles and problems of Federal finance – centre-state financial relations, 15th Finance Commission; Fiscal Policy: meaning and objective, fiscal multipliers, compensatory fiscal policy, functional finance approach, fiscal policy for inflation, full employment and economic growth. | 08 |
| **V**  **Public Expenditure** | Public Expenditure- Meaning and Classification, Theories of Public Expenditure – Wagner's Law; Maximum Social Advantage, Normative and Positive Theories, Growth in Public Expenditure, Canons of Public Expenditure, Effects of Public Expenditure on Production, Distribution and economic growth, Criteria for public investment – social cost-benefit analysis – project evaluation. | 08 |

**EVALUATION:**

The students will be evaluated on a continuous basis and broadly follow the scheme given below:

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|  | **Component** | **Weightage** |
| A | Continuous Evaluation Component (Assignments / Presentations/ Quizzes / Class Participation/ etc.) | 20% (C.E.C.) |
| B | Internal Assessment | 30% (IA) |
| C | End-Semester Examination | 50% (External Assessment) |

**SUGGESTED READINGS:**

**Text Books:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Sr. No** | **Author/s** | **Name of the Book** | **Publisher** | **Edition and Year** |
| **T-01** | Choudhary, R. K. | Public Finance and Fiscal Policy | Kalyani Publishers, New Delhi | 2014  4rth edition |
| **T-02** | Backhaus, J. G. & Wagner, R. E. | Handbook of Public Finance | Springer, US. | 2004 (Revised Edition) |
| **T-03** | Musgrave, R. A. | The Theory of Public Finance | MG-Hill Publication, New York | 1959 (2nd Edition) |
| **T-04** | Dalton, H. (1922): | Principles of Public Finance, | Allied Publishers, Reprinted by Routledge | 2009 (4rth Revised Edition) |

**Reference Books:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Sr. No** | **Author/s** | **Name of the Book** | **Publisher** | **Edition and Year** |
| R-01 | NIRMALA SITHARAMAN 1 st February, 2021 Minister of Finance Government of India Ministry of Finance Department of Economic Affairs | 15th Finance Commission Annual Reports | Finance Commission of India | https://fincomindia.nic.in/ |
| R-02 | Jha, Raghbendra | Modern Theory of Public Finance | New Age International Pvt. Ltd. India | 2010 –edition |
| R-03 | Garg, R. & Garg, S. | Handbook of GST in India | Bloomsbury India Professional. | 2017-2020 |