

COURSE TITLE	PUBLIC FINANCE
COURSE CODE	04BC1323
COURSE CREDITS	4

Objective:

- 1 NA

Course Outcomes: After completion of this course, student will be able to:

- 1 Demonstrate an understanding of public finance and analyze the interrelationship between public expenditure, government debt, and public deficits, along with their implications for the economy.
- 2 Gain insights into the fundamental principles of public finance, focusing on the allocation and distribution of resources with respect to economic efficiency and equity.
- 3 Develop a comprehensive understanding of fiscal policy, budgeting processes, and the taxation system in India, and evaluate their impact on economic stability and growth.
- 4 Apply financial theories to articulate the role of government in the economy and use tools of public finance to assess its influence on economic outcomes.
- 5 Evaluate patterns of public expenditure, examine the role of the Finance Commission, and assess their contribution to economic growth and development in India.

Pre-requisite of course:NA

Teaching and Examination Scheme

Theory Hours	Tutorial Hours	Practical Hours	ESE	IA	CSE	Viva	Term Work
4	0	0	50	30	20	0	0

Contents : Unit	Topics	Contact Hours
1	Introduction: Meaning and Scope of Public Finance; Public Finance versus Private Finance, Objectives and instruments of public economics, Instruments of public economics: Social goods and its provision, mixed goods, merit goods; Market Failure: Public Goods and Private Goods, optimal provision of public goods, public goods and free-rider problem, club goods, possible solutions to the free-rider problem; Allocation, Distribution and Stabilization functions of the Government.	14
2	Fundamental principle of Public Economics and Taxation Maximum Social Advantage, Theory of second-best; Ability to pay theory; Role of Taxation; Merits and Demerits of Direct and Indirect Tax Policy; Features of Good Tax System; Theory of optimal taxation: Impact, Incidence and Shifting of Taxation.	14

Contents : Unit	Topics	Contact Hours
3	Public Expenditure and Public Debt Canons of Public Expenditure; Classification of Public Expenditure; Wagner's Law of Public Expenditure; Public Expenditure as an Instrument of Fiscal Policy; Meaning and Types of Public Debt; Burden of Public Debt; Principles of Public Debt Management; Concepts of Deficits.	12
4	Public Goods and Externalities Burden of public debt: Sources, effects, methods of debt redemption, Public Debt Management in India; Public Budget – Concept, types, Balanced vs. unbalanced budget, budget as an instrument of economic policy, zero-based budgeting, Externalities: Efficiency versus Equity, characteristics and types, market failure and role of government	12
5	Fiscal Federalism and Local Finance Indian Public Finance: Budget of The Government of India; Sources of Public Receipts: Goods and Services Tax (GST) Reforms; Components of Public Expenditure; Sources of Public Borrowing and Debt Liabilities; Deficits; Appraisal of FRBM Act, 2004; Fiscal Federalism: Fifteenth Finance Commission Recommendations., Role of Local Bodies and Municipalities in Public Finance: Introduction to Local Bodies and Municipal Governance: Sources of Revenue for Local Bodies: Tax revenues- Expenditure Responsibilities of Local Bodies: Municipal Budgeting and Public Accountability: Challenges in Local Public Finance: Recent Reforms and Innovations.	8
Total Hours		60

Textbook :

- 1 Public Finance in theory and practice, Musgrave and Musgrave, McGraw Hill Education (India) Private limited, 2018
- 2 Public Finance, R K Lekhi , Kalyani Publishers, 2010
- 3 Public Economics: Theory and Practice, Anne O. Krueger and Raghuram Rajan, Princeton University Press, 2022
- 4 Public Finance, Harvey Rosen, McGraw Hill Publications., 2009
- 5 Public Finance, Bhatia H.L, Vikas Publications, 2012

References:

- 1 The Theory of Public Finance, The Theory of Public Finance, Musgrave, R. A. , MG-Hill Publication, New York , 1959
- 2 Government Budgeting in India, Government Budgeting in India, Sury M.M., Commonwealth Publishers, 1990
- 3 Report of the Fourteenth Finance Commission, Government of India, Report of the Fourteenth Finance Commission, Government of India, Government of India, Government of India, 2020

References:

- 4 Intermediate Public Economics, Intermediate Public Economics, J. Hindriks, G. Myles, MIT Press, 2006
- 5 The New Oxford Companion to Economics in India, The New Oxford Companion to Economics in India, Kaushik Basu and Maertens , Oxford University Press, 2013
- 6 Public Finance and Public Policy, Public Finance and Public Policy, Jonathan Gruber, WORTH Publishers, 2016
- 7 Public Finance, Public Finance, Rosen & Gayer, McGraw Hill Education, 2014
- 8 Fiscal Federalism in India, Fiscal Federalism in India, M. Govinda Rao, Macmillan India Ltd, 1996

Suggested Theory Distribution:

The suggested theory distribution as per Bloom's taxonomy is as follows. This distribution serves as guidelines for teachers and students to achieve effective teaching-learning process

Distribution of Theory for course delivery and evaluation					
Remember / Knowledge	Understand	Apply	Analyze	Evaluate	Higher order Thinking / Creative
0.00	10.00	30.00	30.00	20.00	10.00

Instructional Method:

- 1 Lecture

Supplementary Resources:

- 1 https://fincomindia.nic.in/commission-reports-fifteenth?utm_source=chatgpt.com
- 2 https://documents1.worldbank.org/curated/en/099615110042225105/pdf/P17130200d91fc0da0ac610a1e3e1a664d4.pdf?utm_source=chatgpt.com