

BACHELOR OF ARTS

COURSE OF VSK UNIVERSITY

BAEconomics:Semester VI

BAECH 601: Public Finance

Sub Code: BAECH 601	No of Lecture Hours per week: 04
Maximum Marks: 100	Internal Marks: 30 and EE: 70

Objectives:

- To enable the students to study the various concepts in Public Finance
- To provide a basic understanding of Budgetary issues

Module I Public Finance 15 Hours

Meaning, nature and scope- Distinction between public and private finance. Need for public finance- market failure- Principle of Maximum Social Advantage- Public Goods and Private Goods- Principle of exclusion- Allocation of resources

Module II Fiscal Policy 10Hours

Objectives -instruments, norms of fiscal policy. Interdependence of fiscal and monetary policies; Deficits – meaning, types and implications

Module III Public Expenditure 10Hours

Meaning, nature and scope; Wagner’s law of increasing state activities; Wiesman- Peacock hypothesis; Structure and growth of public expenditure in India; Reforms in expenditure budgeting.

Module IV Public Revenue 10 Hours

Meaning, nature and scope-source-tax and non tax- Taxation-canons of taxation; Direct and Indirect taxes -Tax shifting and tax incidence. Benefit and ability to pay approaches- Income tax, corporation tax and GST.

Module V Public Debt 15 Hours

Meaning, nature and scope-types and trends- Classical view of public

debt; Compensatory aspect of debt policy; Burden of public debt; Sources of public debt; Public borrowings and price level; principles of debt management and repayment.

TEXT BOOK:

Musgrave, R.A. (1959), *The Theory of Public Finance*, McGraw Hill, Kogakhusa, Tokyo.

Musgrave, R.A. and P.B. Musgrave (1976), *Public Finance in Theory and Practice*, McGraw

SUGGESTED READINGS:

Atkinson, A.B. and J.E. Siglitz (1980), *Lectures on Public Economics*, Tata McGraw Hill, New York.

Auerbach, A.J. and M. Feldstern (Eds.) (1985), *Handbook of Public Economics*, Vol. I, North Holland, Amsterdam.

Mishan, E.J. (1982), *Cost-Benefit Analysis : An Informal Introduction*, George Allen and Unwin, London.

Peacock, A. and D.J. Robertson (Eds.) (1963), *Public Expenditure : Appraisal and Control*, Oliver and Boyd, Edinburgh.

Premchand, A. (1966), *Control of Public Expenditure in India*, Allied Publishers, New Delhi.

Sahni, B.S. (Ed.) (1972), *Public Expenditure Analysis: Selected Readings*, Rotherdam, University Press.