

**B.Com (Hons.): Semester-V**  
**DSE**  
**BCM522: Public Finance**

Teaching Scheme	Examination Scheme
Lectures: 4hrs/Week	Class Test –12Marks
Tutorials: 1 hr/Week	Teachers Assessment – 6Marks
	Attendance – 12 Marks
Credits: 5	End Semester Exam –70 Marks

**Course Objective**

Public economics is the study of government policy from the points of view of economic efficiency and equity. This paper deals with the nature of government intervention and its implications for allocation, distribution and utilization. Inherently, this study involves a formal analysis of government taxation and expenditures. The subject encompasses a host of topics including public goods, market failures and externalities. The paper includes the theory of public economics and the Indian public finances.

**Course Learning Outcomes**

After completing the course, the student shall be able to:

- 1: understand the basic concepts related to Public Finance.
- 2: analyze the various forms of goods related to the concept of Public finance.
- 3: understand the concept Public expenditure and Practical implication of various theories related to it.
- 4: understand the concepts related to Principles of Public Taxation.
- 5: be able to comprehend the Principles of Public Debt in the economy
- 6: be able to understand the Indian Tax system.

**I: Role of Government in Organised Society**

nature, scope and significance of public Finance –Public vs Private Finance- Principle of Maximum Social Welfare; Approaches and Limitations- Functions of Government -Economic functions -allocation, distribution and stabilization; Regulatory functions of the Government and its economic significance

**II: Public Goods and Public Sector**

Concept of public goods-characteristics of public goods, national vs. local public goods; determination of provision of public good; Externality- concept of social versus private costs and benefits, merit goods, club goods; provision versus production of public goods -Market failure and public Provision.

**III: Public Expenditure**

Structure and growth of public expenditure; Wagner's Law of increasing state activities; Wiseman-Peacock hypothesis; pure theory of public expenditure- Trends of Public expenditure-Subsidies in India

**IV: Principles of Taxation and Public Debt**

Public Debt Different approaches to public debt; concepts of public debt; sources and effects of public debt; methods of debt redemption.

Taxation Concept of tax, types, canons of taxation-Incidence of taxes; Taxable capacity; Approaches to the principle of Equity in taxation -Ability to Pay principle, Benefit Approach; Sources of Public Revenue; VAT, Excise duties.

**Public Finance in India**

terms and different concepts of deficits and surpluses; public debt; Indian Central and State budgets in  
, Principles of fiscal federalism with reference to India

**Suggested Readings**

- Tyagi, B.P (2007).-Public Finance. Meerut, UP: Jai Prakash Nath.  
Lekhi, R. K., & Singh, J. (2016). Public Finance (1-1th ed). New Delhi: Kalyani Publishers.  
Musgrave, R.A., & Musgrave, P.B. (1989). Public Finance in Theory and Practice (5th ed.). New Delhi:  
Tata McGraw- Hill.  
Bhatia, H.L. (2012). Public Finance (Twenty Seventh Edition).New Delhi: Vikas Publishing.  
Bagchi, A. (Ed.). (2005). Readings in Public Finance. New Delhi: Oxford University Press.  
Buchanan J.M. (1965). The Public Finances. USA: Homewood

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