

Approved by the BoS in Business Economics on 04-03-2025 Item No. 05

As Per NEP 2020

Tolani College of Commerce (Autonomous)



Knowledge is Supreme

Syllabus for 4 credit Course From the academic year 2025-2026

Name of the Course: Introduction Public Finance

Programmes
Bachelor of Management Studies (BMS)
B.Com. in Accounting and Finance (BAF)
B. Com in Financial Markets (BFM)

Sr. No.	Heading	Particulars
1	Description the course: Including but Not limited to:	This course provides a comprehensive overview of the key concepts and principles governing public finance, focusing on the government's role in revenue generation, expenditure management, and fiscal policy. Designed to equip students with a foundational understanding of how governments at various levels (national, state, and local) manage their finances, this course explores into the critical elements of public finance, including public revenue, public expenditure, public debt, and fiscal policy. Through a combination of lectures, case studies, and real-world examples, students will gain insight into the complexities and challenges of managing government finances and how these decisions impact public welfare, economic stability, and public policy.
2	Vertical:	Minor
3	Type:	Theory
4	Credit:	4 credits
5	Hours Allotted:	60 Hours
6	Marks Allotted:	100 marks (CE: 40 MARKS AND SEE: 60 MARKS)

7	<p>Course Objectives: By end of this course student should be:</p> <ol style="list-style-type: none"> 1) Analyze the fundamental concepts and principles of public finance, including its role in government operations and economic development. 2) Evaluate the various sources and methods of public revenue generation and their impact on government budgets and taxation. 3) Examine the intricacies of public expenditure and its role in delivering public services and promoting economic growth. 4) Demonstrate an understanding of fiscal policy and its application in managing economic cycles and addressing macroeconomic challenges.
8	<p>Course Outcomes: Upon completion of this course students will be:</p> <ol style="list-style-type: none"> 1) Apply foundational knowledge to critically assess and make recommendations regarding the financial strategies of governments at different levels. 2) Develop an understanding of how public finance decisions influence social and economic welfare and propose informed solutions to fiscal challenges. 3) Analyze the impact of fiscal policies on economic stability and their role in addressing economic issues such as inflation, recession, and unemployment. 4) Demonstrate an ability to think critically and engage in meaningful discussions about public finance issues, making informed decisions that contribute to sound fiscal management and public policy development.
9	<p style="text-align: center;">Module I: Introduction to Public Finance (15 lectures)</p> <ol style="list-style-type: none"> 1. Public Finance: Meaning, importance and subject matter of public finance. 2. Important concepts: Public goods, Externalities, Impure public goods, Local public goods, Club good, Merit goods, Private goods, Market Failure, Tragedy of Commons, Asymmetric Information, Moral Hazard, and Adverse Selection. 3. The Principle of Maximum Social Advantage: Dalton and Musgrave's views, the Principle in Practice, Limitations, and the Dalton's Tests. 4. Scope of Government Activities: Market versus Government: The Debate on Privatisation and Public Services. 5. Excessive regulatory overreach: Understanding regulatory overreach, its impact on an economy and dealing with regulatory overreach. <p style="text-align: center;">Module II: Public Revenue (15 hours)</p> <ol style="list-style-type: none"> 1. Meaning, importance, and source of Public Revenue: Tax and non-tax revenue. 2. Meaning of tax, its objectives, and Canons of Taxation. 3. Types of taxes: Direct and indirect taxes, tax base and rates of taxation: Proportional, progressive, and regressive taxation. 4. Shifting of tax burden: Impact and incidence of taxation and factors influencing incidence of taxation.

5. Economic Effects of taxation: On income, wealth, consumption, production, savings, and investments.

Module III: Public Expenditure and Public Debt (15 hours)

1. Public expenditure: Meaning, canons, classification, and economic effects of public expenditure: On consumption, production, distribution, employment, and stabilisation.
2. Theories of Public Expenditure: The Wagner's Hypothesis and The Wiseman-Peacock Hypothesis.
3. Public Expenditure Growth: Causes of growth with reference to India.
4. Public Debt: Meaning, importance, and classification.
5. Burden of Debt Finance: Internal and external debt burden.

Module IV: Fiscal policy and Management (15 hours)

1. Fiscal Policy: Meaning, objectives, types (expansionary, contractionary, and neutral) and role in economic development.
2. Principles of Sound and Functional Finance: Balanced Budget Principle, Cyclical, and counter-cyclical fiscal policy.
3. Budget: Meaning, objectives, types, structure of the Union Budget, different types of deficits (revenue, fiscal, primary, and effective revenue deficits) and relationship between fiscal deficits and inflation.
4. The Fiscal Responsibility and Budget Management Act, 2003: Guidelines, Targets and Escape clause.
5. Intergovernmental Fiscal Relations: Fiscal Federalism and fiscal decentralization, Central-State Financial Relations, and the Recommendations of the 15th Finance Commission.

10 References:

- 1) Acemoglu, D; David Laibson and John List. *Macroeconomics*. New Delhi: Person India, 2020.
- 2) Bhatia H L. *Public Finance*. 27, New Delhi: Vikas Publishing House Pvt Ltd, 2012.
- 3) Ghosh, Ambar and Chandana Ghosh. 2. New Delhi: PHI Learning Private Limited, 2014.
- 4) Hyman, D. *Public Finance: A Contemporary Application of Theory to Policy*. 10. New York: South-Western, Cengage Learning, 2011.
- 5) Hindriks, Jean and Gareth D. Myles. *Intermediate Public Economics*. New Delhi: Prentice-Hall of India Private Limited, 2007.
- 6) Mankiw, N. Gregory. *Principles of Economics*. 6. New Delhi: Cengage Learning Pvt. Ltd., 2017.
- 7) Mishkin, Frederic S. *Macroeconomics: Policy and Practice*. 2. New Delhi: Pearson, 2017.
- 8) Ramesh Singh. *Indian Economy*. 13. McGraw Hill. New Delhi, 2021-2022.
- 9) Samuelson P and Nordhaus W. *Economics*. 20. New Delhi: McGraw Hill, 2020.

11	Internal Continuous Assessment: 40%	Semester End Examination: 60%
12	Continuous Evaluation through:	
Sub-components		
1) Written assignment of 1000 words involving analysis of events related to the course taken from a newspaper, magazine, journal etc.		
2) Book review. The book selected must be approved by the teacher. A report of 1000 words must be submitted.		
3) Class test		
13	Format of Question Paper: for the final examination	

Question Paper Pattern for Semester End Examination (SEE)

Maximum Marks: 60

Duration: 2 hours.

Note: All questions are compulsory.

			MAX.MARKS	
Q.1	a)		MODULE I	(5)
	b)			(5)
	c)			(5)
Q.2	a)		MODULE II	(5)
	b)			(5)
	c)			(5)
Q.3	a)		MODULE III	(5)
	b)			(5)
	c)			(5)
Q.4	a)		MODULE IV	(5)
	b)			(5)
	c)			(5)

Note sub-questions a, b and c can be on the following:

- v) Definitions
- vi) Short answers
- vii) Explanatory notes
- viii) Case lets and/or numerical problems requiring use of quantitative and/or qualitative methodology to find solutions.

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