

BA III Year	BEC-E603: Discipline Specific Elective (Public Finance)		Semester 6
Marks Allotted for Internal Assessment	Marks Allotted for End Semester Examination (ESE)	Maximum Marks	Total Credits
30	70	100	6
Learning Outcomes: Student will be able to <ul style="list-style-type: none"> • Interpret government policy from the points of view of economic efficiency and equity. • Demonstrate the role of government to correct market failures and possible advantage of public financing. • Assess the implications of government intervention on allocation, distribution and stabilization through a formal analysis of government taxation and expenditures. • Understand the possible burden, benefits and distribution of various types of taxes among various classes of people, know the general trend and impact on general welfare 			
Unit 1	FISCAL FUNCTIONS: Fiscal functions: an overview		
Unit 2	MARKET FAILURE: Public Goods: definition, models of efficient allocation, pure and impure public goods, free riding. Externalities: the problem and its solutions, taxes versus regulation, property rights, the Coase theorem.		
Unit 3	TAXATION: Economic effects; dead weight loss and distortion, efficiency and equity considerations, tax incidence, optimal taxation.		
Unit 4	DEFICITS AND PUBLIC DEBT: Budget, importance of budgets, types of budgets, deficits and public debt		
Unit 5	FISCAL FEDERALISM IN INDIA: Tax System of India: structure and reforms, Fiscal federalism in India		
Suggested Readings: <ul style="list-style-type: none"> • R.A. Musgrave and P.B. Musgrave, Public Finance in Theory & Practice, McGraw Hill Publications, 5th edition, 1989. • John Cullis and Philip Jones, Public Finance and Public Choice, Oxford University Press, 1st edition, 1998. • Harvey Rosen, Public Finance, McGraw Hill Publications, 7th edition, 2005. • Shankar Acharya, 2005, —Thirty Years of Tax Reform in India, Economic and Political Weekly, May 14-20. • Economic Survey, Government of India (Latest). • State Finances: A Study of Budgets, Reserve Bank of India (Latest). 			

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