

**UNIVERSITY OF DELHI
DELHI SCHOOL OF ECONOMICS
DEPARTMENT OF ECONOMICS**

Minutes of Meeting

Subject : B.A. (Hons.) Generic Elective (GE)
Course : Public Finance (GE41)
Date of Meetings : January 23, 2021 (and subsequently by circulation)
Venue : Online Zoom Meeting
Convenor : Shreekant Gupta
Attended by :

Teacher Name	College Name
Simran Sethi	Hansraj College
Ankush Garg	PGDAV College
Rakesh Kumar	Maharaja Agrasen college
Rakhi Solanki	Sri Aurobindo College
Hema Nagpal	Sri Aurobindo College (Morning)
Nidhi Pande Aggarwal	Delhi College of Arts and Commerce
Anil Kumar	Ramjas College
Mamta	Shaheed Bhagat Singh College
Iti Tomar	Shyama Prasad Mukherji College (SPMC)
Yogita Yadav	Sri Venkateswara College (SVC)
Charu Grover	Shaheed Bhagat Singh College
Valbha Shakya	Shaheed Bhagat Singh College
Rinki Dahiya	Shaheed Bhagat Singh College
Rachna Mathur	Shaheed Bhagat Singh College

The contents below have been prepared following the [syllabus document](#) approved by AC and EC posted on DU website. Refer to *Public Finance (GE41)* on page no. 55 & 56.

UNIT 1 THEORY

Overview of Fiscal Functions, Tools of Normative Analysis, Pareto Efficiency, Equity and the Social Welfare; Market Failure, Public Good and Externalities; Elementary Theories of Product and Factor Taxation (Excess Burden and Incidence).

UNIT 2 ISSUES FROM INDIAN PUBLIC FINANCE

Working of Monetary and Fiscal Policies; Current Issues of India's Tax System; Analysis of Budget and Deficits; Fiscal Federalism in India; State and Local Finances.

READINGS

UNIT 1 - PUBLIC FINANCE THEORY

1.1 Overview of Fiscal Functions, Tools of Normative Analysis, Pareto Efficiency, Equity and the Social Welfare

- R.A. Musgrave and P.B. Musgrave, Public Finance in Theory and Practice, 5th Edition, Chapter 1
- Harvey Rosen (2005), Public Finance, Chapter 3 (pp. 33 to 46).

1.2 Market Failure, Public Goods and Externalities.

- Joseph E. Stiglitz, Economics of the Public Sector, 3rd Edition, Chapter 4.
- John Cullis and Philip Jones (1998), Public Finance and Public Choice, Chapter 3 (sections 3.1, 3.2 and 3.3)
- Harvey Rosen (2005): Public Finance, Chapter 5.

1.3 Elementary Theories of Product and Factor Taxation (Excess Burden and Incidence)

- R.A. Musgrave and P.B. Musgrave, Public Finance in Theory and Practice, 5th Edition, Chapter 14 (pp. 234-242), Chapter 15 (pp. 249-256 only part A and B).

UNIT 2 - ISSUES FROM INDIAN PUBLIC FINANCE

2.1: Working of Fiscal and Monetary Policies

- Case and Fair, Principles of Economics, 10th Edition, Chapter 24 (pp. 478-486).
- Case and Fair, Principles of Economics, 10th Edition, Chapter 25 (pp. 501-502, 505-510,515-519)
- [Ch 4. Monetary Management and Financial Intermediation \(Pg. 123-137\), Vol 2, Economic Survey 2020-21](#)

2.2: Current Issues of India's Tax system

- [Rao, M. Govinda. "Goods and Services Tax in India: Progress, Performance and Prospects." Indian Economic Summit \(2019\), School of International and Public Affairs, Columbia University -- till section 4.](#)
- [Surajit Das, Some Concerns Regarding the Goods and Services Tax, Vol. 52, Issue No. 9, 04 Mar, 2017, EPW](#)
- [Ch 2. Fiscal Developments, Vol 2, Economic Survey 2020-21](#)
- [D K Srivastava et al., Taxing Petroleum Products: Sharing Revenue Space between Centre and States, Vol. 56, Issue No. 9, 27 Feb, 2021, EPW](#)

2.3: Analysis of Budget and Deficits

- [Budget at Glance 2021-22](#)
- [Rangarajan, Chakravarthy, and D. K. Srivastava. "Fiscal deficits and government debt: implications for growth and stabilisation." Economic and Political Weekly \(2005\): 2919-2934 -- till section II](#)
- [Ch.2, Report of 15th Finance Commission, 2020-21 -- till page 15](#)
- [Lekha Chakraborty, Union Budget 2021–22: The Macroeconomic Framework, Vol. 56, Issue No. 9, 27 Feb, 2021, EPW](#)
- [Report summary, FRBM review committee, PRS India, 2017](#)

2.4: Fiscal Federalism in India

- [Rao, M. Govinda. "Central transfers to states in India: rewarding performance while ensuring equity." Final report submitted to NITI Aayog \(2017\).](#)
- [Ch.3, Report of 15th Finance Commission, 2020-21](#)
- [Report Summary, 15th Finance Commission, PRS India](#)
- [N K Singh. "The pandemic has necessitated us to reconsider the 42% devolution,," Interview by Pooja Mehra. The Hindu, 14 Sept. 2020](#)

2.5: State and Local Finances

- [Ch.2, Report of 15th Finance Commission, 2020-21 \(Pg. 16-19\)](#)
- [Ch. 5, Report of 15th Finance Commission 2020-21](#)
- [Ashok K Lahiri, 15th Finance Commission could catalyse accountability, effective governance at grassroots, Indian Express, Feb 19 2021](#)

Internal Assessment:

Two tests of 10 marks each and 5 marks for attendance. Or one test of 10 marks and one presentation of 10 marks according to pre-announced schedule and 5 marks for attendance.

Final Exam:

Unit I. Public Finance Theory: 60% weightage.

Unit II: Issues from Indian Public Finance: 40% weightage.

There will be some internal choice within each unit but not necessarily as per past pattern.