

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 : Feb 7, 2023
Venue : Department of Economics, Committee Room
Convenor : Dr Manish Kumar

Attended by :

| Teacher Name | College Name |
|-------------------------|--|
| Anil Kumar Singh | Shyam Lal College (Evening) |
| Dr Bhawana Parekh | Shaheed Bhagat Singh College |
| Hema Nagpal | Sri Aurobindo College (Morning) |
| Dr Nidhi Pande Aggarwal | Delhi College of Arts and Commerce |
| Sukhvinder Kaur | Sri Guru Nanak Dev Khalsa College |
| Dr Neha Atri | Sri Guru Nanak Dev Khalsa College |
| Dr Rachna Mathur | Shaheed Bhagat Singh College |
| Dr Kajleen Kaur | Sri Guru Govind Singh College of Commerce |

The contents below have been prepared following the syllabus document approved by AC and EC posted on DU website. Refer to *Public Finance*.

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 (From the relevant portion of the latest Economic Survey)
- Fiscal Developments (from the relevant portion of the latest Economic Survey.)

2.2: Current Issues of India's Tax system

- [Surajit Das, Some Concerns Regarding the Goods and Services Tax, Vol. 52, Issue No. 9, 04 Mar, 2017, EPW](#)
- [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 \(latest\)](#)
- Sections 4 & 5 from 'Let's Talk About Budget' by Subrat Das (2007) Centre for Budget and Governance Accountability (CBGA) (<https://www.cbgaindia.org/wp-content/uploads/2016/03/PRIMER-1-FIN-reduced.pdf>).
- [Rangarajan, Chakravarthy, and D. K. Srivastava. "Fiscal deficits and government debt: implications for growth and stabilization." 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](#)

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](#)
- Fifteenth Finance Commission Recommendations: An Appraisal by Bhattacharjee & Bhattacharya, (2021) Vol.56, Issue 41. (<https://epw.in/journal/2021/41/commentary/fifteenth-finance-commission-recommendations.html>.)

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.