

UNIVERSITY OF DELHI
DELHI SCHOOL OF ECONOMICS
DEPARTMENT OF ECONOMICS

Minutes of Meeting

Subject : B.A. (Programme)-6 semester
Course : Public Finance
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.

