

PUBLIC FINANCE: REVENUE AND EXPENDITURE

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ABSTRACT

Public finance deals with the finances of the Government. It deals with the problem of how the Government raises its resources to meet its ever –rising expenditure. According to Dalton public finance is “concerned with the income and expenditure of public authorities and with the adjustment of one to the other”. Thus effects of taxation, Government expenditure, public borrowing and deficit financing on the economy constitutes the subject matter of public finance. It also explains in detail fiscal policies which ought to be adopted to achieve certain objectives such as price stability, economic growth, more equal distribution of income. Economic thinking about the role that public finance is expected to play has changed from time to time according to the changes in economic situation. During the thirties the great depression hit the western industrialized countries. Before that, the role of public finance was considered to be raising sufficient resources for carrying out the Government functions of civil administration and defence from foreign countries. During this period, the classical economists considered it necessary to keep expenditure to the minimum so that taxing of the people is avoided as far as possible.

KEYWORDS: *Public Finance, Taxation, Revenue, Expenditure*