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ADMINISTRATION OF PUBLIC FINANCE IN INDIA

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ABSTRACT

Every aspect of human life starts from comes to an end with certain things one of the most important element of it is 'Finance'. Development of human beings is depend upon the financial aspects or literacy among them. Same thing happens with the society, country, economy, world at large everywhere the 'Finance' play vital role only it size and requirements are different. Development of society brings development of nation and build the economy. In country government rules and regulations plays a role for shaping the economy and brings economy from developing to developed. Government gives towards citizens social security, facilities which are helpful. For the civilized society, with the help of finance. Government. Government finance has a critical role not only in protecting life and properly, but creating physical infrastructure to expand economic activities to generate employment opportunities and also provide infrastructure or for social empowerment in the economy. Public finance is the money or collection sources of government. Government collect money in the form of taxation from the society and allocate these towards the well being of the society, hence forth it is the circle public finance is collected from public and utilize it for the public, government plays the role of authority of collection and allocation. Management and administration of public financial administration is critically important faced having base of budget and encompasses the budgetary cycle, that is formulation, enactment of budget and overall accounting and auditing of accounts. The collection of government depends upon the taxation system of the country. The low taxation gives deficit to the government and higher taxation policy is against the society and it will gives gap between rich and poor and leads imbalance in the society an a whole. Development depends upon the administration and management of public finance rationally by the government.

INTRODUCTION

Public finance is the study of role of government in the economy. It is the branch of economics, which assesses the government revenue and expenditure of the public authorities and adjustment of one another which is desirable and necessary for the well being of the citizens of the India. The basic role of public finance is to provide public goods which markets fail to provide.

Public finance is the assessment of policies of government which are stipulated in finance budget. As budget is the link between future and present, when budget prepare on the basis of past experience and information taken from past but for the future period in the present. Public finance is closely related with the budget, through preparation of budget public revenue and expenditure is to be decided. Like budget public revenue and expenditure is to be decided. Like budget public policy in extricable linked with public finance. It has general meaning it means resources how they are collected and utilized it studies tax policy and spending activities of government, also deals with financial activities of the state or government at national, state and local level. "Rechard A. Musgrave an economist who has been called the father of Public Finance." He saw the government' as having an important role and developed a theory on the way of taxes and other factors interact in areas, where goods and services – roads, schools, courts, and national defense, civilized society provided by the government. According to him the role of government activities had been broken into three parts –

a. Allocation of Resources.
b. Distribution of Goods.
c. Stabilization of broader economy.

The main attention paid what people want and need in the absence of a pricing system.Public finance closely connected to issues of income distribution and social equity.

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Adam Smith great economist gave the detailed account of importance and problems of public finance. They are connected the science of finance and theory of economies."Public finance is concerned with the income and expenditure of public authorities, and with the adjustment of one to public authorities, and with the adjustment of one to other."

Public Finance Art or Science or Economic Theory

- As far as science is concern, it is systematic body of knowledge, finance has systematic body of facts and figures having the empirical principles and connected with the definite fields of human knowledge, positive and normative science.
- Public finance is an art of application of knowledge for achieving definite objectives. Levy of taxes equally, collection of taxes revenue, full employment, economic development, these are basic objectives of any economy for achieving it. The key concept of public finance is finance has to manage very artistically and skillfully henceforth it is an art also.
- Public finance is economic theory – public finance deals with the revenue collection and expenditure related to economy of any country, it is economic role played by the government hence it is economic theory also.

India Public Finance

As India is concerned as developing country it pertains to section of finance ministry and having an objectives of allocating the resources within the am bite of constraints of budget. It assess the policies, identifies tax measures collection and expenditure on citizens. It should improve and upgrade the economic procedures.In India government accumulates revenue and make expenditure for citizens monetary and fiscal policy are two policies of public finance. Monetary policy plays a significant role in controlling aggregate demand and inflation and, fiscal policy refers to overall policy framework of the government. How public finance affects the economy – government collects tax and spending it directly which affects the overall performance of economy. Main aim of the fiscal policy is government spends taxes to influence the performance of economy when collection is less and spending is more then it turns a deficit. Deficit financing is harmful to the economy as an developing country in India.

Public Finance Management

Good financial management always collects sufficient resources and utilize or spend it efficiently in the area of necessity. Administration needs very clear and efficient necessity of public finance management.

Some of following Elements of Public Finance

a. Public Expenditure
b. Public Revenue
c. Public Debt
d. Financial Administration
e. Federal Finance.

The areas converted by public finance or ambit of the discuss with the help of some points.

Public Expenditure

It deals with allocating the funds towards different channels. There should be justification of public expenditure policies of government for the well being of the every sector of the society.

Public Revenue

It is the raising, collecting of funds through taxation from the citizens in the form of tax as tax was defined by Justice Holmes, "Price paid to the government for civilized society."

Public Debt

It deals with the methods of loans and disbursement and its management.

Financial Administration

It is how the financial machinery is organized and administered is delt with Administration is the very important part of financial sector.

Overview of Indian Public Finance Administration

The role of government is vital and it should be rational while using the public revenue towards the public welfare since 1991. It is remarkably stable this trends are follows towards the control and state government expenditure. The analysis of public spending in Indiashows allocation to essential social services and physical infrastructure is low, by international stand red. Public spending on social or physical infrastructure besides low allocation is set with poor productivity. Central government specifically utilize its funds whenever possible and where it is necessary such as SavShikshaAbhiyan, National health mission, Provision has been made accordingly in a separate manner. Another important political economy development is that public spending is the intrusion of central government into several state subjects through various central schemes.As India in the developing country it is important that much to be done or achieve developmental objectives inadequate physical infrastructure and poor quality of spending are constrained the effectiveness of the instruments.

CONCLUSION

From all above tax collection is major source which transferred funds from private to government. A good tax system is supported to raise the funds with minimum collection of cost which must have progressive distribution. It should aim from reducing inequality, poverty, concentration, of economic power and funds in the hands of few. Public finance should be justice to equal sectors of the society.

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