

## The Scope of Public Finance

### Public Income

As the name suggests, public income refers to the income of the government. The government earns income in two ways – tax income and non-tax income. Tax income is easy to recognize, it's the tax paid by people of the country in the form of income tax, sales tax, duties, etc. On the other hand non-tax income includes interest income from lending money to other countries, rent & income from government properties, donations from world organizations, etc. This area studies methods of taxation, revenue classification, methods of increasing government revenue and its impact on the economy as a whole, etc.

### Public Expenditure

Public expenditure is the money spent by government entities. Logically, the government is going to spend money on infrastructure, defense, education, healthcare, etc. for the growth and welfare of the country. This area studies the objectives and classification of public expenditure, effects of expenditure in different areas, effects of public expenditure on various factors such as employment, production, growth, etc.

### Public Debt

When public expenditure exceeds public income, the gap is filled by borrowing money from the public, or from other countries or world organizations such as The World Bank. These borrowed funds are public debt.

### Financial Administration

As the name suggests this area of public finance is all about the administration of all public finance i.e. public income, public expenditure, and public debt. Financial administration includes preparation, passing, and implementation of government budget and various government policies. It also studies the policy impact on the social-economic environment, inter-governmental relationships, foreign relationships, etc.