

Good Morning Students,

This lesson is for class 10th for the subject of 'Economics'. The topic for today is 'Sources of Public Revenue' which is covered in chapter 10 "Public Revenue" of your book of Economics.

This lesson is being submitted to you on. 5/8/24.

All the students now please open page number 164 of your book and listen carefully.

Public Revenue:-

The income of the government from all sources is called 'Public Revenue' or 'Public Income'. It includes income from taxes, prices of goods and services supplied by public enterprises, revenue from administrative activities such as fees, fines etc.

Sources of Public Revenue:-

1. Taxes:- A tax is a mandatory fee or financial charge levied by any government on an individual or an organisation to collect revenue for public works. Taxes are the most important source for the modern governments.

2. Commercial Revenue:-

Revenues which are received by the government from sale of goods and services performed by public enterprises are called Commercial Revenues. They are

also known as prices as they come in the form of prices of goods and services provided by the government. These include:-

- (a) Postage (b) Tolls (c) Interest on loans borrowed from government credit institutions (d) Railway freights (e) Irrigation charges etc.

3. Administrative Revenues:-

Administrative revenues include fees, license fee, fines and penalties etc.

- (a) Fee:- Fee is a payment charged by the government to bear the cost of administrative services rendered primarily in the public interest by providing special benefit on the individual. Fees are to be paid by those who receive special benefits from the services rendered by the government.

- (b) License Fee:- A license fee is a payment charged by the government to grant permission by a government authority. The registration fee for motor vehicles, the payment for permission to operate automobiles, and the license fee for keeping a gun are some examples of license fee.

(c) Special Assessment:-

Sometimes government undertakes certain activities of improvement such as construction of roads, provision of drainage, street-lighting etc. As a result of such improvement, the values of nearby properties rise. A

certain percentage of increase in value of such properties is imposed on such properties. This is called special assessment.

(d) Fines and Penalties!

Fines and Penalties are also one of the source of public Revenue. A fine refers to punishment or penalty which is imposed for the violation of the law. For example, motorists are charged for violating traffic rules.

(e) Forfeiture!-

Forfeitures refer to the penalties imposed by courts for the failure to appear in the court.

(f) Escheat!-

Under this right of escheat, the government may acquire the property, bank balances etc. of a person who dies without having any legal heirs (representative) or without bequeathing a will.

(4) Deficit Financing!:- When the government's anticipated expenditure exceeds its anticipated (expected) revenue, there arises a deficit in government budget. If there is no other way to meet this gap, the government has to issue new currency notes. This is called deficit financing.

(5) Foreign Aid!:- The government may also have revenue from foreign and foreign aid is in the form of grants. (3)

Tax:-

A tax is a compulsory payment imposed on the persons or companies by the government to meet the expenditure incurred on providing common benefits to the people.

Features of Taxes:-

(1) Compulsory Payment:-

A tax is a compulsory payment made by the people to the government. No one can refuse to pay it. Refusal to pay taxes is subjected to legal action and punishment by the government.

(2) General Welfare:-

The amount received from the taxes is spent for common benefits or general welfare. This means tax money is not used for the benefit of taxpayer alone.

(3) No Quid Pro Quo:-

The essence of a tax is absence of a direct quid pro quo (Proportionate return) to the tax payer. For example, if Virat Kohli had paid ₹10 crore as income tax in a year, he cannot claim from the government economic benefits worth ₹10 crore.

(4) Regular:- A tax is payable regularly and periodically as determined by the taxing authority.

(5) Legal Collection:- A tax is a legal collection.

Objectives and Significance of Taxes:-

- (1) Raising Revenue.
- (2) Regulation of Consumption and Production of harmful commodities.
- (3) Protection to Domestic Industries.
- (4) Reducing Income Inequalities
for explanation refer to page 166 of your book

Difference Between Tax and Price

Tax	Price
(1) Tax is a compulsory contribution to be paid by every citizen upon whom it is imposed.	(1) Price is to be paid by the persons who purchase goods and services produced by the government.
(2) Tax does not guarantee for any benefit as to amount and nature	(2) Prices are the direct payment for goods and services purchased, thus providing direct benefits
(3) The money collected by government from taxes is used in the public interest without partiality regard to the payer.	(3) The money collected by the government from prices is used to supply goods and services to those people who have paid the price

With this, I am ending my topic here.
Write the answers of the following questions in your note books

- (1) What is Tax? Give any two features of Tax.
- (2) What is objective of taxes?
- (3) Explain any two sources of non-tax revenue

last page (5)