NAKHON PATHOM
RAJABHAT UNIVERSITY


# Introduction to Public Finance and Budget Administration (part 1)

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# Course description

Concept and theory of public finance, monetary policy, fiscal policy, budget system, and public debt

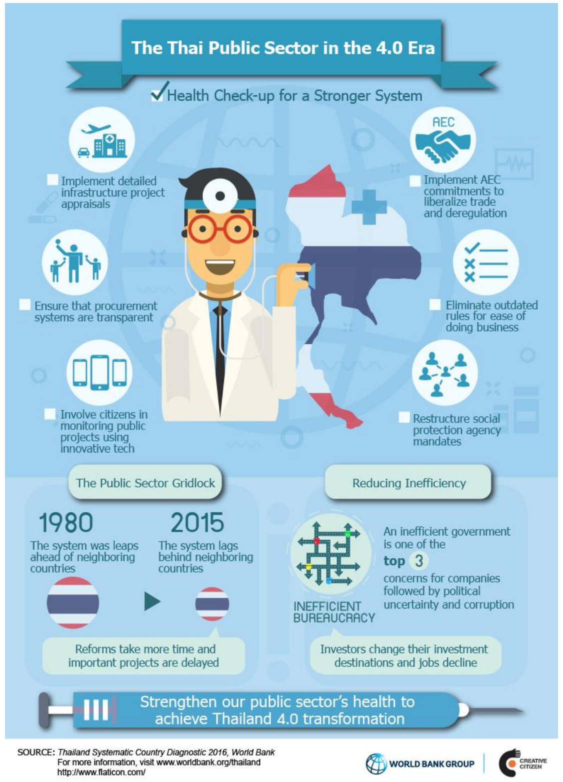
# The Objectives of Public Finance Administration

-To use fiscal tools (Fiscal Policy) to achieve the nation's core economic and social goals

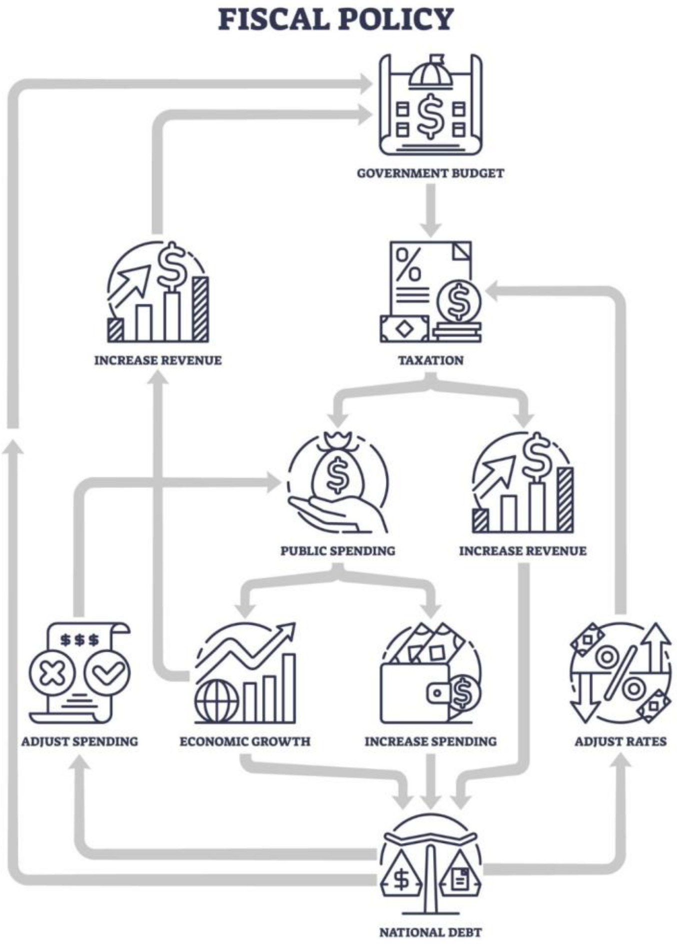
-To know how to collect the taxation and how to expense the public expenditure

# Warm Up

## What do you think about the welfare spending for people?




PLANNIG
BUDGET
TAX
RETURN
BANK


FISCAL POLICY
GOVERNMENT BUDGET
INCREASE REVENUE
TAXATION
PUBLIC SPENDING
INCREASE REVENUE
ADJUST SPENDING
ECONOMIC GROWTH
INCREASE SPENDING
ADJUST RATES
NATIONAL DEBT

# Introduction to Public Finance and Budget Administration

As Thailand progresses toward a **digital economy**, the necessitates changes

**1. Administrative Management**

**2. Human Resource Management**

**3. Fiscal and budgetary matters**

# Introduction to Public Finance and Budget Administration

The benefit studying **public finance** provides insight into approaches for

-**revenue generation**,

-**public expenditure**,

-**public debt**,

-**monetary policy**, and

-**fiscal policy**

- The government allocates a budget to administer and provide social welfare services

  EX: -public health

  -utilities and

  -public works among others to the populace

- The primary objective is to cultivate social equity and impartial treatment for all."

# Public finance deals with the role of the government in the economy

**Revenue:** How the government generates income.

- **Taxation:** including income tax, sales tax, property tax, and corporate tax.
- **Non-Taxation:** Income from fees, licenses, user charges (e.g., tolls), profits from state-owned enterprises.
- **Borrowing:** Funds raised through issuing government bonds or taking loans.

**Public Debt:** Borrowing the money

# Expenditure

- Current Expenditures
- Capital Expenditures
- Transfer Payments

# The Role of Government in the economy

**Expenditure:** How the government uses its funds to provide goods and services.

**-Current Expenditures:** Spending on day-to-day operations, such as salaries, utilities, and maintenance.

**-Capital Expenditures:** Spending on long-term assets, such as infrastructure (roads, bridges), schools, and hospitals.

**-Transfer Payments:** Payments to individuals or groups without exchange for goods or services.

# The Importance of Public Finance and Budget Administration

"Public financial management is central to administrative efficiency.


# The Importance of Public Finance and Budget Administration

- Public financial management is central to administrative efficacy
- It provides the necessary fiscal framework
- It addresses service gaps through the development of essential public works and utility infrastructure.

## The Importance of Public Finance and Budget Administration

-Historically, the development of public finance reflects the primacy of the state in financial management.

The administrative processes are critical to define the scope of public sector activities.

The government is responsible for public goods to the people.

# The Importance of Public Finance and Budget Administration

"Public finance is instrumental to the study of governance, as it illuminates the strategic fiscal operations through which a government translates its policy objectives into tangible outcomes."

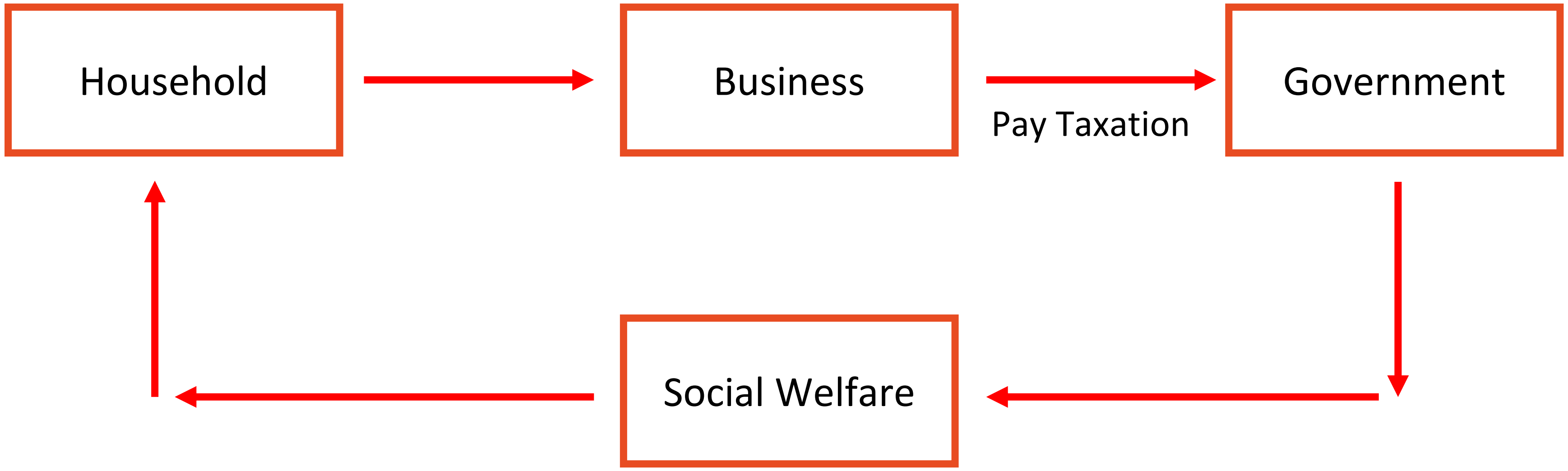



**Figure 1.1: The Flow of Government Revenue and Expenditure**
(Adapted from Musgrave & Musgrave, 1989, p. 16)

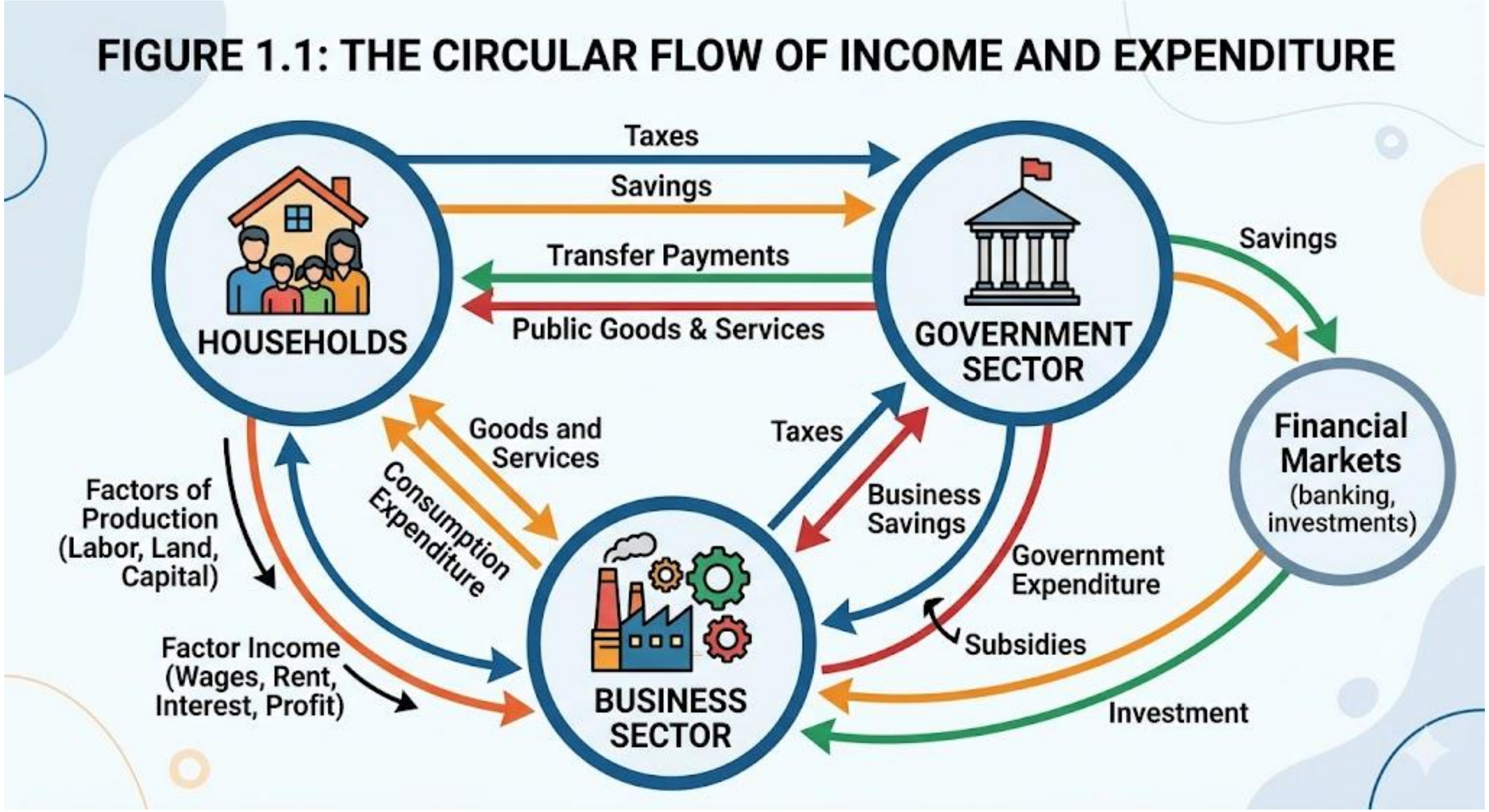
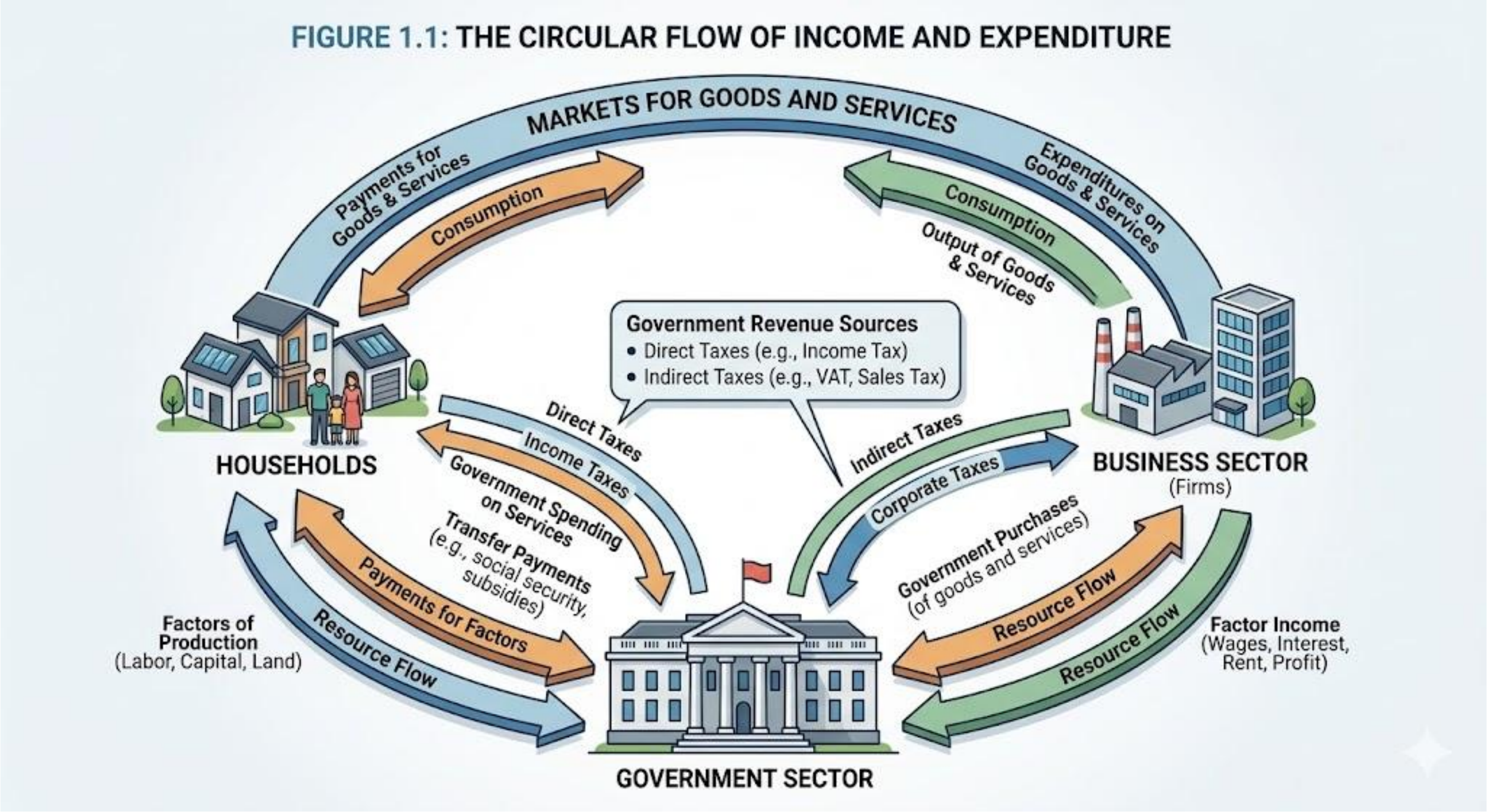


FIGURE 1.1: THE CIRCULAR FLOW OF INCOME AND EXPENDITURE
Taxes
Savings
Transfer Payments
Public Goods & Services
HOUSEHOLDS
GOVERNMENT SECTOR
Savings
Financial Markets
(banking, investments)
Goods and Services
Consumption Expenditure
Taxes
Business Savings
Factors of Production (Labor, Land, Capital)
Government Expenditure
Subsidies
Factor Income (Wages, Rent, Interest, Profit)
BUSINESS SECTOR
Investment

# Government Revenue Sources in the Circular Flow



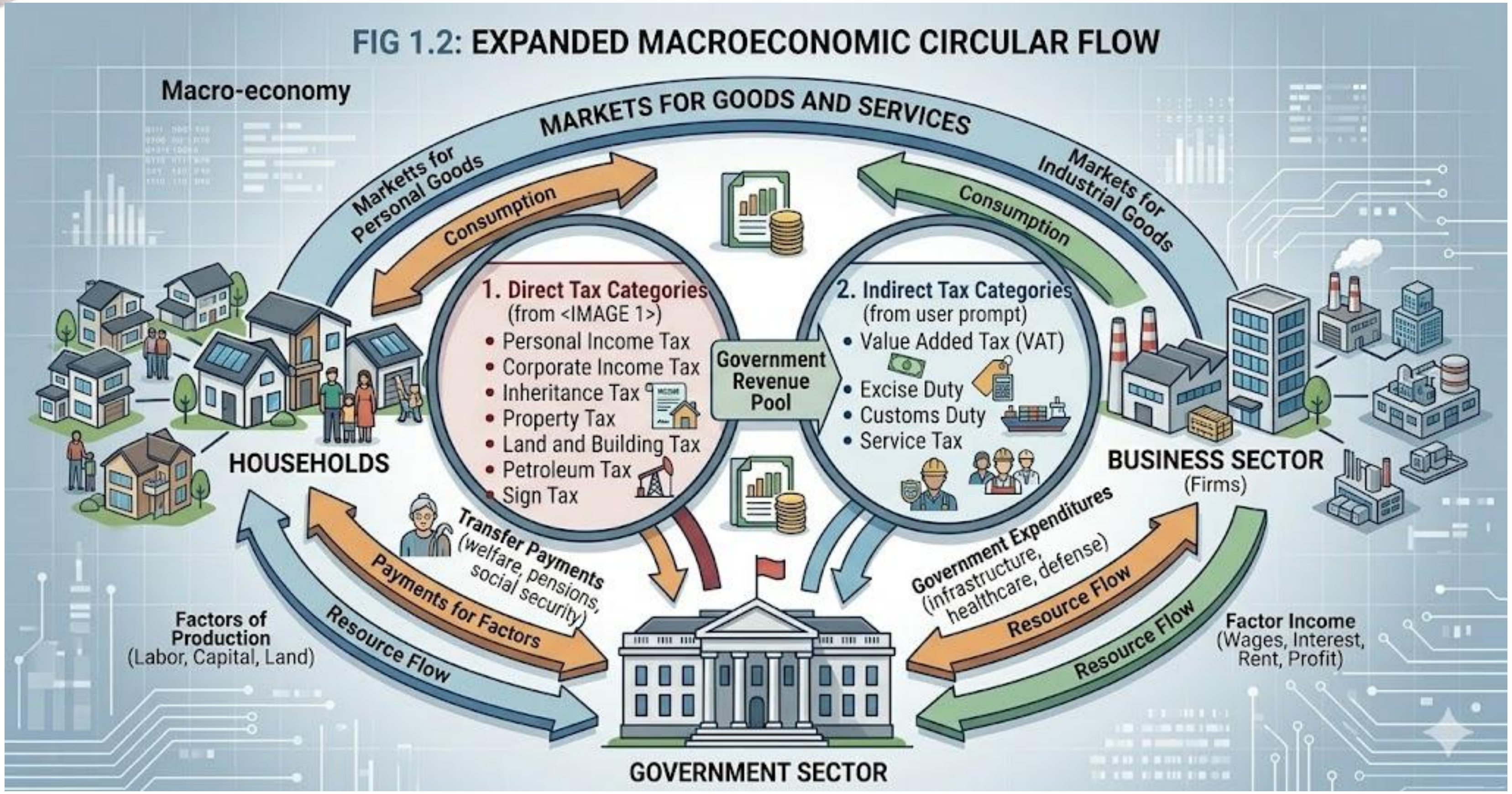


FIG 1.2: EXPANDED MACROECONOMIC CIRCULAR FLOW
Macro-economy
MARKETS FOR GOODS AND SERVICES
Marketts for Personal Goods
Markets for Industrial Goods
Consumption
Consumption
1. Direct Tax Categories
(from <IMAGE 1>)
• Personal Income Tax
• Corporate Income Tax
• Inheritance Tax
• Property Tax
• Land and Building Tax
• Petroleum Tax
• Sign Tax
Government Revenue Pool
2. Indirect Tax Categories
(from user prompt)
• Value Added Tax (VAT)
• Excise Duty
• Customs Duty
• Service Tax
HOUSEHOLDS
BUSINESS SECTOR
(Firms)
Transfer Payments
(welfare, pensions, social security)
Payments for Factors
Resource Flow
Factors of Production
(Labor, Capital, Land)
Government Expenditures
(infrastructure, healthcare, defense)
Resource Flow
Resource Flow
Factor Income
(Wages, Interest, Rent, Profit)
GOVERNMENT SECTOR

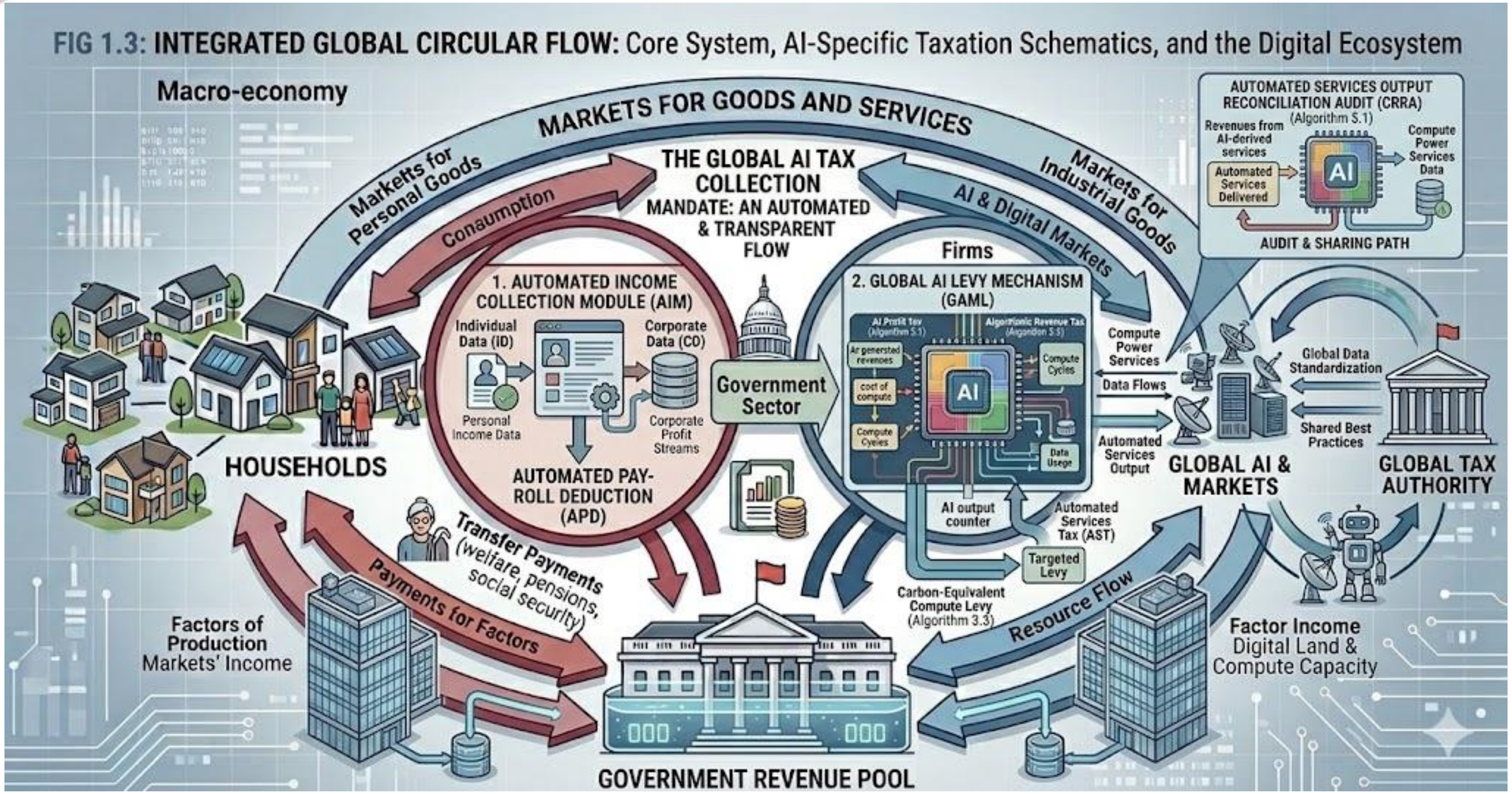


FIG 1.3: **INTEGRATED GLOBAL CIRCULAR FLOW:** Core System, AI-Specific Taxation Schematics, and the Digital Ecosystem

## Table 1.1: Comparative Differences in Financial Administration and Public Service Provision between the Public and Private Sectors

| Dimensions of Public Sector Financial Administration | Dimensions of Private Sector Financial Administration |
|---|---|
| Allocation of Social Welfare Focused on Citizen Satisfaction | profit |
| Goal in Resource Allocation to Ensure Equitable Public Service | To get the benefit |
| Tools Used in Administration Include Regulations, Rules, and Laws | Administrative tools include the **agency's regulations**. |

# The Role and Functions of Government in Public Administration and Finance

- The theorist: Musgrave and Musgrave
- The government is responsible for **generating revenue** to finance **public expenditures.**


It provides welfare for the people.

## Functions of Government

The purpose of these expenditures is diverse, aiming to fulfill the government's policy objectives, categorized into three key functions

Musgrave's framework and contemporary Thai scholarly views:


- **The Allocation Function**
- **The Distribution Function**
- **The Stabilization Function**

# 1. The Allocation Function

- **Maximum benefit**
- **Regulatory policy** to manage resource allocation
- To provide **social goods or public goods**
- To manage community resources effectively

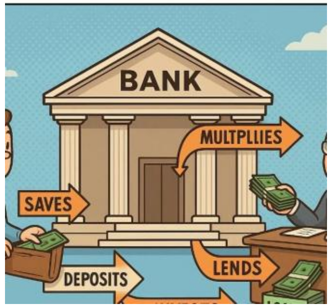
## 2. The Distribution Function

- **Fair** distribution of income and wealth with **vulnerable groups** in society

## 3. The Stabilization Function

-**Budgetary policy** to promote **full employment**

- **Price stability** and **sustainable economic growth**




- **Community leaders** are developing tourism plans for their locality.
- Development of **local wisdom** in **arts and culture**
- To create local **products and generate income** for the community

# Community Leaders

**They** are developing tourism plans for their locality, focusing on the development of **local wisdom** in **arts and culture.**

- To develop local **products and generate income** for the community

- The research is studies on **creative community-based tourism branding** in **Phrong Maduea Community, Nakhon Pathom Province**

**Architectural and Cultural Heritage:**

-Wat Phrong Maduea Cultural Learning Center

-Lao Khrang woven fabrics

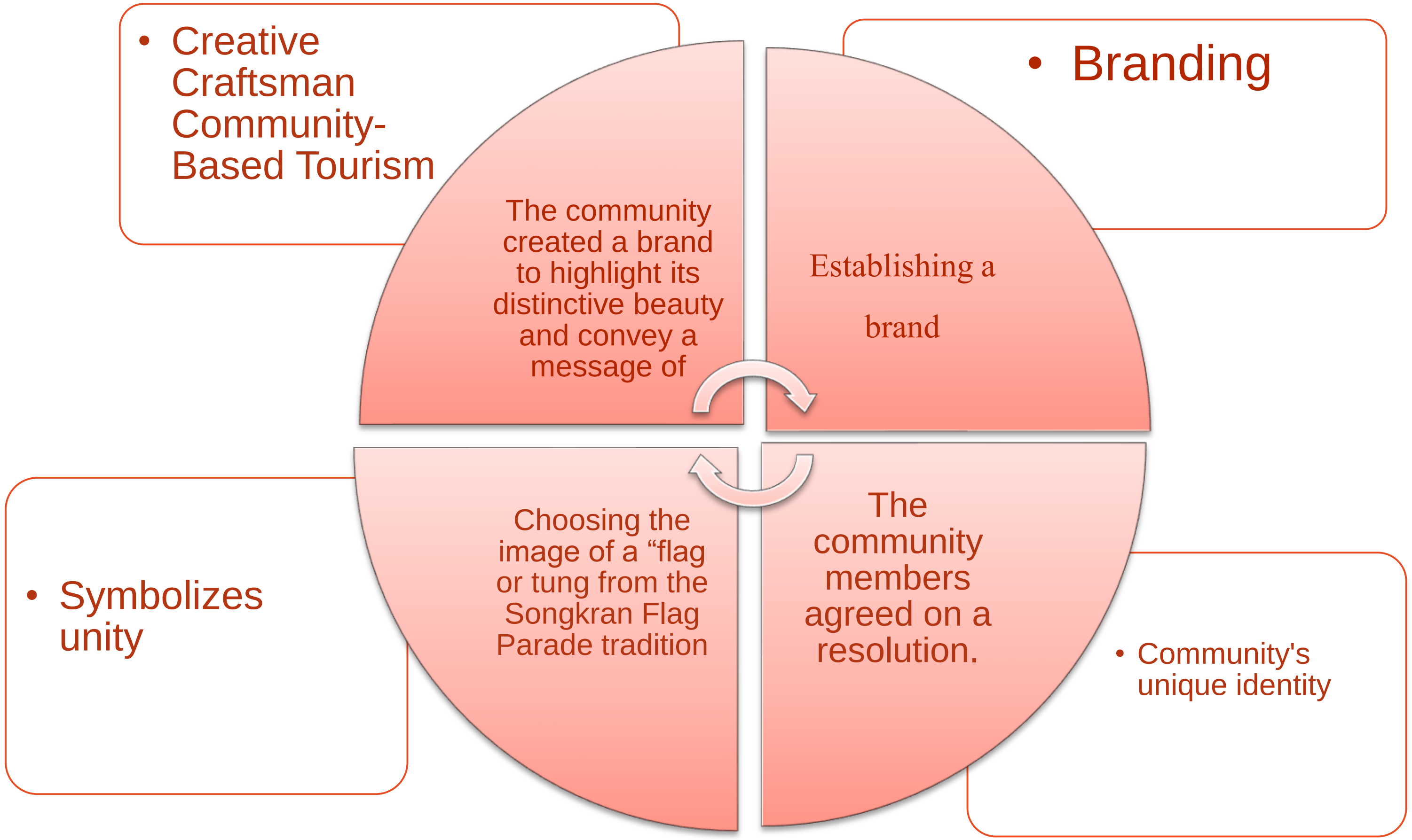
**Cultural Identity:**

-Songkran Flag Parade

**Tourism Experience:**

-History and craftsmanship of Lao Khrang weaving directly in Phrong Maduea

- The Nakhon Pathom Provincial Office actively facilitates **cultural tourism** by institutionalizing the traditional weaving practices of the **Phrong Maduea Lao Khrang** community.
- By highlighting the group’s signature palettes and intricate geometric motifs, the initiative seeks to codify a distinct **communal identity** within the regional tourism market.


• Creative Craftsman Community-Based Tourism
The community created a brand to highlight its distinctive beauty and convey a message of
• Branding
Establishing a brand
• Symbolizes unity
Choosing the image of a “flag or tung from the Songkran Flag Parade tradition
The community members agreed on a resolution.
• Community's unique identity

- **Proficient administration** of creative community-based tourism
- **Stimulating economic growth**
- Examples of community products from Phrong Maduea Lao Khrang include woven cloth, pha thung (sarongs), clothing, bags, and souvenirs.

## Tourism Development and Community Engagement

The local development efforts included the creation of a **brand logo** and the implementation of a **QR code** to clearly show the steps involved in the **weaving process**.

**-To increase in the number of tourists**

# Government Finance Studies

1. **Macroeconomic and Allocation Functions**

   The study examines the government's functions in:

   - **Public Service Provision (Allocation)**
   - **Economic Stabilization**

# Constitution

**Constitution of the Kingdom of Thailand B.E. 2560 (2017):**

Tax collection must promote **equity** so that the revenue can be used for **community development**.

The Constitution mandates national reform to address **social inequality** in Thailand.

# Tax Structure Reform

# 2. Decentralization and Market Interaction (Statement 2)

- Administrative Planning and Decentralization
- Market Mechanism for Stability and Efficiency
- Government Intervention

# Do you have any Questions?

# Thank you.