

MA Economics
Public Economics I

Semester I

Subject Code: MEC11502

Lectures : 48

Objectives:

The syllabus aims in equipping students with

- The understanding of political processes by which fiscal decisions are reached.
- The knowledge of tax burden which would help them avoid tax evasion.
- The importance and the constructive role of Public sector.
- The appropriate balance between the Private and the Public Sectors.

Unit 1: Introduction to Public Sector

No.of
Leects.
07

- Fiscal Functions: An Overview- The Allocation Function, the Distribution Function, the Stabilization Function, Coordination of Budget Functions.
- Public Sector in the Circular Flow.
- Public Provision for Social Goods: Social Goods and Market Failure, Provision for Social Goods, Mixed Goods, Merit Goods.
- Welfare Economics and Pareto Efficiency.



Members Present :

1) Dr. Girija Lagad- Faculty, Director MITSOG, Pune.
2) Mr Nishant Upadhyay- Chief Manager, SBI, Forex , Pune.
3) Dr. Subhash Patil – HOD,PG Dept. of Economics, SNDT, Pune.
4) Mrs Suchismita Mohanty- Vice Principal, Kaveri College of Commerce, Pune
5) Dr. Soniya Chavan- HOD- St. Mira's College for Girls, Pune.
6) Mrs. Shalini Iyer- St. Mira's College for Girls, Pune.
7) Dr. Arwah Madan - St. Mira's College for Girls, Pune.
8) Dr. Manisha Pimpalkhare- St. Mira's College for Girls, Pune.
9) Mrs. Meenal Sumant- St. Mira's College for Girls, Pune.
10) Mrs. Amrita Basu- St. Mira's College for Girls, Pune.
11) Mr. V. Haldavnekar- Visiting Faculty, St. Mira's College for Girls, Pune.

Sign:

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Nishant Upadhyay
Subhash Patil
Suchismita Mohanty
Sonya Chavan
Shalini Iyer
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Unit 2: Rationale for Public Policy

No. of
Lects.
13

- Efficiency: Meaning of Efficiency, Efficient Provision of Private and Social Goods.
- Equity: Equity in Distribution, Endowment based Criteria, Utilitarian Criteria, Egalitarian Criteria, and Equity-Efficiency Trade-Off.
- Voluntary Exchange Models- Lindahl, Johansen and Samuelson.
- Impossibility of Decentralized Provision of Public Goods.
- Contributions of Samuelson and Musgrave Demand Revealing Schemes Public Goods.
- The Clarke Tax, The Tiebout Hypothesis, The Theory of Clubs.

Unit 3: Public Choice and Fiscal Politics

No. of
Lects.
10

- Direct Democracy- Voting Rules, Majority Rule and the Median Voter, Voting Paradox, Arrow's Impossibility Theorem.
- Fiscal Choices- Variable size of Budget, Variable Tax Price, Variable Expenditure Mix, Alternative Voting Rules.
- Representative Democracy: The Role of Politicians, Parties, Platforms and Coalitions.
- The Leviathan Hypothesis, Voting Bias, Monopoly Government, Campaign Reform, The Persistence of Inefficient Equilibrium.

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Unit 4: Public Expenditure

No.of
Lects.
08

- Wagner's Law of Increasing State Activities.
- Wiesman- Peacock Hypothesis, Pure Theory of Public Expenditure.
- Structure and Growth of Public Expenditure.
- Criteria for Public Investment, Social Cost-Benefit Analysis, Project Evaluation, Estimation of Costs, Discount Rate.
- Reforms in Expenditure Budgeting, Programme Budgeting and Zero Base Budgeting, Outcome of Budget and Performances.

Unit 5: Taxation

No.of
Lects.
10

- Theory of Incidence, Alternative Concepts of Incidence.
- Allocative and equity aspects of Individual Taxes.
- Benefit and Ability to Pay Approaches.
- Theory of Optimal Taxation, Excess Burden of Taxes.
- The Problem of Double Taxation.
- Shifting of Tax Burden

12 lectures are assigned for library work, assignments, guest lectures and other contact hours

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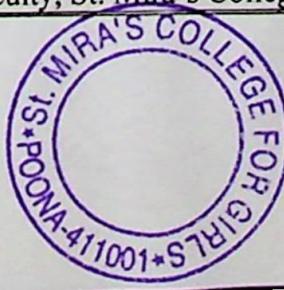
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SG Chavan
Shalini Iyer

Arwah Madan
Manisha Pimpalkhare

Meenal Sumant
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Recommended Text Books:

- Tyagi, B P (2009), Public Finance, Jai Prakash Nath & Co.
- Bhatia, H L (2012), Public Finance, Vikas Publishing House
- Cullis, John and Jones, Philip (2009), Public Finance and Public Choice, Oxford University Press
- Stiglitz, Joseph E (1999), Economics of the Public Sector, W. W. Norton and Company
- Musgrave, Richard A and Musgrave, Peggy B (1989), Public Finance in Theory and Practice, Tata McGraw Hill
- Ganguly, Subrata, Public Finance- A Normative Approach
- Singh, S K Public (1996), Finance in Theory and Practice, Sultan Chand and Co.

Reference Books:

- Buchanan, J.M. (1968), The Demand and Supply of Public Goods, Rand McNally, Chicago.
- Dorfman, R. (Ed.) (1970), Measuring the Benefits of Government Investment, Brookings Institution, Washington R Goode- Government Finance in Developing Countries, Tata McGraw Hill, New Delhi, 1986
- Duff, L. (1997), Government and Market, Orient Longman, New Delhi.
- Herber, B.P. (1967), Modern Public Finance, Richard D. Irwin, Homewood
- J M Houghton- The Public Finance: Selected Readings, Penguin, Harmondsworth, 1970
- Mueller, D.C. (1979), Public Choice, Cambridge University Press, Cambridge
- R Cornes and T Sandler- The Theory of Externalities, Public Goods and Club Goods, Cambridge University Press, 1986
- Spulber, N. (1998), Redefining the State, Cambridge University Press,

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Cambridge

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