

**Course-Major Mandatory  
Public Economics I**

<b>Semester I</b>	<b>Credits: 4</b>	<b>Subject Code: AMAJCECO123501</b>	<b>Lectures: 60</b>
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**Course Outcome:**

At the end of the course, the learners will be able to do the following:

- CO 1- Describe the theoretical framework of Public Economics.
- CO 2- Relate and explain the conceptual framework of public and private goods and their provision
- CO 3- Discuss and summarize the concepts of equity, efficiency and Models of Public Choice
- CO 4- Explain the Public Policy and its related issues like Social Security provisions
- CO 5- Recognize the aspects of Behavioral Public Economics
- CO 6- Identify the elements of growth of public expenditure and Review the theoretical perspectives on Public Expenditure

**Unit 1: Introduction to Public Economics**

**15**

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

**Unit 2: Equity, Efficiency & Public Choice**

**15**

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



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<b>Unit 3: Public Policy</b>	<b>15</b>
<ul style="list-style-type: none"> <li>● The Theory of Externalities- The Coase Theorem, Types of Externalities and Alternative Government Policies</li> <li>● Public Intervention, Social Security and Social Insurance- Value and Importance, Problems of Social Insurance</li> <li>● Strengthening Social Security Contributions through Direct Benefit Transfers, Unemployment Allowances, Food Stamps</li> <li>● Behavioural Public Economics- Alternative approach to Economic Models to measure impact of public policies and well-being</li> </ul>	

<b>Unit 4: Public Expenditure</b>	<b>15</b>
<ul style="list-style-type: none"> <li>● Structure, Types and Causes of growth of Public Expenditure.</li> <li>● Wagner's Law of Increasing State Activities.</li> <li>● Wiseman- Peacock Hypothesis, Pure Theory of Public Expenditure.</li> <li>● Criteria for Public Investment, Social Cost-Benefit Analysis, Project Evaluation</li> <li>● Public Expenditure in India- Trends and issues</li> </ul>	

**Basic Reading List:**

- Tyagi, B P, *Public Finance*, Jai Prakash Nath & Co., 2009,
- Bhatia, H L, *Public Finance*, Vikas Publishing House, 2012
- Cullis, John and Jones, Philip, *Public Finance and Public Choice*, Oxford University Press, 2009
- Stiglitz, Joseph E, *Economics of the Public Sector*, W. W. Norton and Company, 1999
- Musgrave, Richard A and Musgrave, Peggy B, *Public Finance in Theory and Practice*, Tata McGraw Hill, 1989
- Ganguly, Subrata, *Public Finance- A Normative Approach*
- Singh, S K, *Public Finance in Theory and Practice*, Sultan Chand and Co. 1996
- Edt by Shah Mita Ashish, *Empowerment of Women Through Gender Budgeting*, Aavishkar Publishers 2015
- Mukherjee Sampat, Ghose Amitava, Nag R. N., *Analytical Public Finance, Ricardo To Musgrave*, Central Book agency Pvt. Ltd, 2008



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**Reference Books:**

- Buchanan, J.M., *The Demand and Supply of Public Goods*, Rand McNally, Chicago. 1968
- Dorfman, R. (Ed.), *Measuring the Benefits of Government Investment*, Brookings Institution, Washington R Goode- Government Finance in Developing Countries, Tata McGraw Hill, New Delhi, 1986
- Duff, L., *Government and Market*, Orient Longman, New Delhi. 1997
- Herber, B.P., *Modern Public Finance*, Richard D. Irwin, Homewood, 1967
- Houghton J M., *The Public Finance: Selected Readings*, Penguin, Harmondsworth, 1970
- Mueller, D.C., *Public Choice*, Cambridge University Press, Cambridge 1979
- Cornes R and Sandler T, *The Theory of Externalities, Public Goods and Club Goods*, Cambridge University Press, 1986
- Spulber, N. *Redefining the State*, Cambridge University Press, Cambridge 1998
- Hans-Werner Sinn (EDT), *Public Finance and Public Policy in the New Century*, The CESifo Seminar Series, 2004
- Rose Harvey S, Gayer Ted, *Public Finance*, TATA McGraw Hill, 2012

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