



**Economics**  
**Public Economics I**  
**[Core Course]**

<b>Semester: I</b>	<b>Credits: 4</b>	<b>Subject Code: MEC 12002</b>	<b>Lectures: 48</b>
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**Course Outcomes:**

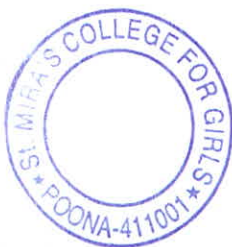
At the end of this course, the learner will be able to:

- Discuss and describe the theoretical framework of Public Economics.
- Relate and explain the conceptual framework of public and private goods and the theoretical background provided by economists
- Discuss and evaluate the concepts of equity and efficiency for decision-making in taxation and public expenditure.
- Assess the role for governmental intervention and the changing nature of public choice and the policy outcomes
- Discuss and debate market failure and the case of government intervention in a modern economy.

<b>Unit 1: Introduction to Public Sector</b>	<b>10</b>
<ul style="list-style-type: none"> <li>• Fiscal Functions: An Overview- The Allocation Function, The Distribution Function, The Stabilization Function, Coordination of Budget Functions.</li> <li>• Public Sector in the Circular Flow.</li> <li>• Public Provision for Social Goods: Social Goods and Market Failure, Provision for Social Goods, Mixed Goods, Merit Goods.</li> <li>• Welfare Economics and Pareto Efficiency.</li> </ul>	

<b>Unit 2: Rationale for Public Policy</b>	<b>10</b>
<ul style="list-style-type: none"> <li>• Efficiency: Meaning of Efficiency, Efficient Provision of Private and Social Goods.</li> <li>• Equity: Equity in Distribution, Endowment based Criteria, Utilitarian Criteria, Egalitarian Criteria, Equity-Efficiency Trade-Off.</li> <li>• Voluntary Exchange Models- Lindahl, Johansen and Samuelson.</li> <li>• Impossibility of Decentralized Provision of Public Goods.</li> <li>• Contributions of Samuelson and Musgrave Demand Revealing Schemes Public Goods.</li> <li>• The Clarke Tax, The Tiebout Hypothesis, The Theory of Clubs.</li> </ul>	

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<b>Unit 3: Changing Approaches to Public Choice</b>	<b>12</b>
<ul style="list-style-type: none"> <li>• The Theory of Externalities- The Coase Theorem, Types of Externalities and Alternative Government Policies (Taxes, Congestion Charges, Regulations)</li> <li>• Public Intervention, Social Security and Social Insurance- Value and Importance to people, 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>08</b>
<ul style="list-style-type: none"> <li>• Wagner's Law of Increasing State Activities.</li> <li>• Wiseman- Peacock Hypothesis, Pure Theory of Public Expenditure.</li> <li>• Structure and Growth of Public Expenditure.</li> <li>• Criteria for Public Investment, Social Cost-Benefit Analysis, Project Evaluation, Estimation of Costs, Discount Rate.</li> </ul>	

<b>Unit 5: Taxation</b>	<b>08</b>
<ul style="list-style-type: none"> <li>• Theory of Incidence, Alternative Concepts of Incidence.</li> <li>• Allocative and equity aspects of Individual Taxes.</li> <li>• Benefit and Ability to Pay Approaches.</li> <li>• Theory of Optimal Taxation, Excess Burden of Taxes.</li> <li>• The Problem of Double Taxation.</li> <li>• Shifting of Tax Burden</li> </ul>	

<b>Recommended Text Books:</b>
<ul style="list-style-type: none"> <li>• Tyagi, B P, <i>Public Finance</i>, Jai Prakash Nath &amp; Co., 2009,</li> <li>• Bhatia, H L, <i>Public Finance</i>, Vikas Publishing House, 2012</li> <li>• Cullis, John and Jones, Philip, <i>Public Finance and Public Choice</i>, Oxford University Press, 2009</li> <li>• Stiglitz, Joseph E, <i>Economics of the Public Sector</i>, W. W. Norton and Company, 1999</li> <li>• Musgrave, Richard A and Musgrave, Peggy B, <i>Public Finance in Theory and Practice</i>, Tata McGraw Hill, 1989</li> <li>• Ganguly, Subrata, <i>Public Finance- A Normative Approach</i></li> <li>• Singh, S K, <i>Public Finance in Theory and Practice</i>, Sultan Chand and Co. 1996</li> <li>• Shah Mita Ashish, <i>Empowerment of Women Through Gender Budgeting</i>, Aavishkar Publishers 2015</li> <li>• Mukherjee Sampat, Ghose Amitava, Nag R. N., <i>Analytical Public Finance, Ricardo To Musgrave</i>, Central Book agency Pvt. Ltd, 2008</li> </ul>

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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
- SijbrenCnossen, Clemens Fuest, (2003)*Public Finance and Public Policy in the New Century*, The CESifo Seminar Series, 2
- Rose Harvey S, Gayer Ted, *Public Finance*, Tata McGraw Hill, 2012

#### Readings:

- Atkinson, A., Piketty, T. and Saez, E. (2011) "*Top Incomes in the Long Run of History*", Journal of Economic Literature, 49(1), pp. 3–71
- Besley, T. and Coate, S. (1992) "*Workfare versus Welfare: Incentives Arguments for Work Requirements in Poverty-Alleviation Programs*", American Economic Review, Vol. 82, pp. 249–261
- Bernheim, B.D. and Rangel, A. 2006a. Behavioral public economics: welfare and policy analysis with fallible decision-makers. In *Economic Institutions and Behavioral Economics*, ed. P. Diamond and H. Vartiainen. Princeton: Princeton University Press
- Piketty, T. (1995) "*Social Mobility and Redistributive Politics*", Quarterly Journal of Economics, 110(3), pp. 551–584
- Sen, A. (2006) "*Development as Freedom: an Indian Perspective*", Indian Journal of Industrial Relations, 42(2), pp. 157–169

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St. Mira's College for Girls, Pune  
( MA-2020-2023)

**Economics**  
**Public Economics II**  
**[Core Course]**

<b>Semester: II</b>	<b>Credits: 4</b>	<b>Subject Code: MEC22002</b>	<b>Lectures: 48</b>
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**Course Outcomes:**

At the end of this course, the learner will be able to:

- Relate and describe the developments in the theoretical framework of Public Economics.
- Relate and explain the objectives of fiscal policy with special reference to developing economies
- Discuss and evaluate the concepts of governmental budgeting and budgetary deficits.
- Assess the role for governmental intervention and the changing nature of public choice and the policy outcomes
- Discuss and debate market failure and the case of government intervention in a modern economy

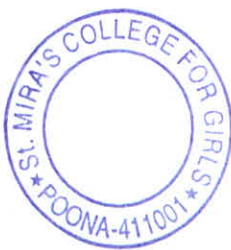
<b>Unit 1: Public Debt</b>	<b>10</b>
<ul style="list-style-type: none"> <li>• Classical, Keynesian and Post-Keynesian Approaches of Public Debt, Classification of Public Debt.</li> <li>• Problems and Issues of Public Debt- The Burden of Public Debt, The Inflationary Potential, Interest Payments, Sustainability of Public Debt.</li> <li>• Public Debt Management, Redemption of Public Debt.</li> <li>• Public Debt in India.</li> </ul>	

<b>Unit 2: Fiscal Policy</b>	<b>10</b>
<ul style="list-style-type: none"> <li>• Objectives of Fiscal Policies, Role of Fiscal Instruments in Developed and Underdeveloped Economies.</li> <li>• Built-in and Discretionary Stabilizers.</li> <li>• Fiscal Imbalance in India- Indicators, Causes, Effects and Remedial Measures.</li> <li>• Fiscal Management in India- Objectives, Fiscal Consolidation and Inclusive Growth</li> </ul>	

<b>Unit 3: Fiscal Federalism in India</b>	<b>10</b>
<ul style="list-style-type: none"> <li>• Fiscal Federalism in India, Vertical and Horizontal Imbalance.</li> <li>• Assignment of Function and Sources of Revenue, Devolution of Resources and Grants.</li> <li>• Theory of Grants, Resource transfer from Union to States- Criteria for Transfer of Resources.</li> </ul>	

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<ul style="list-style-type: none"> <li>Centre-State Financial Relations in India, Transfer of Resources from Union and States to Local Bodies.</li> <li>Problems of States' Resources and Indebtedness</li> </ul>	
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<b>Unit 4: Expenditure and Government Budgeting</b>	10
<ul style="list-style-type: none"> <li>Composition of the Government Expenditure, Growth of Public Expenditure in India Post Independence, Public Expenditure Management.</li> <li>Reforms in Expenditure Budgeting in India since 1991</li> <li>Budget- Meaning and Components, Preparation, Presentation and Execution of Budget, Economic Classification of Budget.</li> <li>Budget Deficits and their Implications, Balanced and Unbalanced Budget, Balanced Budget Multiplier.</li> <li>Gender Budgeting in India since 1991: Objectives and Policy Measures</li> <li>Green Budgeting/Accounting in India: Objectives and Policy Measures</li> </ul>	

<b>Unit 5: Market Failure and Government Intervention</b>	08
<ul style="list-style-type: none"> <li>Government Budget and Expenditure in Education and Health in India</li> <li>Failure of the State and the Markets: Double Failure and Need for Redistribution</li> <li>Education- Measuring Returns in Education, Need for continued Government Intervention in Education</li> <li>Health- Need for Government Intervention, Ayushman Bharat Yojana- Objectives &amp; Features</li> </ul>	

<b>Recommended Text Books:</b>
<ul style="list-style-type: none"> <li>Bhalla A. S. (2001) 'Market or Government Failures?- An Asian Perspective' Palgrave Macmillan</li> <li>Bhatia, H-L, <i>Public Finance</i>, Vikas Publishing House, 2018</li> <li>Funnel Warwick, Robert Jupe, Jane Andrew (2009) 'In Government we Trust: Market Failure and Delusions of Privatisation' Pluto Press</li> <li>Gopalan Swapna (2008) <i>Gender Budgeting: Concepts and Experiences</i>, ICFAI University Press</li> <li>Gopalan Swapna (2008) <i>Gender Budgeting in India: Towards achieving Gender Equity</i>, ICFAI University Press</li> <li>Labonte Marc (2010) 'The Size and Role of Government: Economic Issues' Congressional Research Service</li> <li>Mazzucato Marianna (2018) 'The Entrepreneurial State: Debunking the Public v/s Private Myths' Penguin</li> <li>Singh, S K, <i>Public Finance in Theory and Practice</i>, Sultan Chand and Co, 2018</li> <li>Tyagi, B P, <i>Public Finance</i>, Jai Prakash Nath and Co. 2014</li> <li>Thomas Janet M, Callan Scott J., <i>Environmental Economies</i>, Cengage Learning 2009</li> </ul>

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- Sharma Manoj Kumar, *Fiscal Federalism, An Indian Constitution*, Satyam Law International 2017

#### Reference Books:

- Kumar Abhay, Karthikeyan Surjith, *Environmental Policies in India*, Gyan Publishers, 2015
- Rajesh K.Jha, *Public Finance*. Pearson Publication New Delhi, 2012
- Rangarajan C, D. K. Srivastava (2011) *Federalism and Fiscal Transfers in India* OUP, India
- Y. V. Reddy, G. R. Reddy (2019) '*Indian Fiscal Federalism*' OUP
- Shome, P. (Ed.) *Tax Policy : Handbook, Tax Division, Fiscal Affairs Department*, International Monetary Fund, Washington D.C., 1995

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Faculty	Dr. Meenal Sumant	Meenal 15/6/20
Faculty- other than Parent University	Dr. Manjushree Bobade	M Bobade 15/6/20
Faculty- other than Parent University	Dr. Subhash Patil	Subhash 15/6/20
One Expert-Nominated by VC, SPPU	Dr. Saili Belsare	Saili 15/6/20
One Industry Representative	Dr. Girija Lagad	Girija 15/6/20
One Alumni	Ms. Suchismita Mohanty	SMohanty 15/6/20

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