

Semester	VI
Paper Number	HECCR6141T
Paper Title	PUBLIC ECONOMICS
No. of Credits	6
Theory/Composite	Theory
No. of periods assigned	5 Theory + 1 Tutorial
Course description/objective	This core-course on Public Economics applies the fundamental principles and tools of Microeconomics, Macroeconomics and Econometrics to the analysis of (a) efficiency and equity, (b) market imperfection and market failure, (c) public goods and their efficient provisioning, (d) the role of the Government in the economy, (e) principles of taxation and public expenditure, (f) tax incidence including distortions and welfare losses, and (g) behavioural responses to income and business taxation, social insurance programmes etc. The course is intended to familiarize the students to frontier research that has significant practical relevance to the design of public policies.
Syllabus	<p><b>Module 1 (30 marks)</b></p> <p><b>1. Nature and Scope of Public Economics</b> Definition and Scope of Public Economics; Externalities, Market Failure and Government Intervention; Coase Theorem; Public Expenditure to finance Development.</p> <p><b>2. Theory of Public Good</b> Overview of Public Good; Characteristics of Pure Public Good; Distinction between Pure Public Good and Private Good; Market Failure in case of Pure Public Good; Optimal provision of Public Goods; Private Provision and Public Provision of Public Goods; Lindahl Equilibrium, Voting Equilibrium.</p> <p><b>Number of Classes per week: 1</b></p> <hr/> <p><b>Module 2 (50 marks)</b></p> <p><b>3. Taxation</b> Classification of Taxes; Canons of Taxation; Benefit Principle; Equal Sacrifice Principle; Ability to Pay Principle; Incidence and Burden of Taxes; Effects of taxation on income distribution, work efforts, and on savings; the Laffer curve; Optimal Taxation</p> <p><b>4. Public Expenditure and Public Debt</b> Meaning and Classification of Public Expenditure; government budget and its types; government expenditure and tax multipliers, balanced budget multiplier; Fiscal Federalism in India; Meaning of Public Debt; Sources of Public Borrowings: internal and external borrowing; Effects of Public Debt.</p> <p><b>Number of Classes per week: 4</b></p> <hr/> <p><b>Tutorial Classes per week: 1</b></p>

Readings	<ol style="list-style-type: none"> <li>1. A. B. Atkinson and J. E. Stiglitz, <i>Lectures on Public Economics</i>, McGraw-Hill Inc.,US, 1980.</li> <li>2. C. V. Brown and P. M. Jackson. <i>Public Sector Economics</i>, Wiley-Blackwell; 4th Edition, 1991.</li> <li>3. J. F. Due and A. F. Friedlander. <i>Government Finance-Economics of Public Sector</i>, AITBS Publishers and Distributors, 1994.</li> <li>4. J. Hindriks and G. D. Myles. <i>Intermediate Public Economics</i>, The MIT Press; Annotated Edition, 2006.</li> <li>5. R.A. Musgrave and P.B. Musgrave, <i>Public Finance in Theory &amp; Practice</i>, McGraw Hill Publications, 5th edition, 1989.</li> <li>6. Amaresh Bagchi (ed), <i>Readings in Public Finance</i>, OUP.</li> <li>7. J. E. Stiglitz. <i>Economics of Public Sector</i>, W. W Norton and Company, 3rd Edition, 2000.</li> <li>8. R.J.Chelliah (ed), <i>Towards Sustainable Growth</i>, OUP, 2009.</li> <li>9. A Ghosh and C. Ghosh, <i>Public Finance</i>, Prentice Hall India Learning Private Limited; 2nd Revised edition (2014).</li> </ol>			
Evaluation	Continuous Internal Assessment: 20 marks End- Semester Theory Examination: 80 marks			
Paper Structure for End Sem Theory	Module	No. of Questions to be Answered	No. of Alternatives	Marks
	Module 1	2	3	5 x 2 = 10
		2	3	10 x 2 = 20
	Module 2	4	5	5 x 4 = 20
		3	4	10 x 3 = 30
	Total Marks			80