

Programme: M. A. Economics

Course Code: ECC 113

Title of the Course: Public Economics

Number of Credits: 4

Total Contact Hours:48

Effective from AY: 2018-19

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| <u>Prerequisites for the course:</u> | NIL | |
| <u>Objective:</u> | To familiarize the students with concepts of welfare economics, market failure, tax , public expenditure, etc. | Contact Hours |
| <u>Content:</u> | 1. General Equilibrium and Welfare Economics Perfect Competition and Pareto Optimality. Social Welfare Functions. Fundamental Theorems of Welfare. Compensation Tests. | 08 |
| | 2. Market Failure Externalities and Market Processes. Market Failure and the Theory of the Second Best. Information asymmetry and Third Best Policies. | 08 |
| | 3. Theory of Public Goods Voting Models - Public goods allocation mechanism and Efficiency Conditions | 08 |
| | 4. Theory of Taxation Principles of Taxation –Principle of Fiscal Neutrality, Excess Burden, Doctrine Principle of Equity, Benefit Principle, Bowen and Lindhal Models, Ability to pay Principle | 08 |
| | 5 Application of Taxation Principles in Developing Countries Meaning, Types and Measurement of Taxable Capacity. Incidence of Tax- Issues in Efficiency and Equity, Deadweight losses. Theory of Optimal taxation. | 08 |
| | 6. Theory of Public Expenditure: Criterion for Public Expenditure- Cost Benefit Analysis, Social Rate of Discount, Shadow Prices. | 08 |
| <u>Pedagogy:</u> | lectures/ case analysis/assignments/class room interaction | |
| <u>References/Readings</u> | <ul style="list-style-type: none">• Atkinson, A. & J. Stiglitz (1980) Lectures in Public Economics, McGraw Hill,London.• Aurebach, A. & M. Feldstein (eds) (1987) Handbook of Public Economics, Vol.I & II, Elsevier, New York. | |

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| | <ul style="list-style-type: none"> • Baumol, W. J. (Ed.) (2001), Welfare Economics, Edward Elgar Publishing Ltd. U.K • Cornes, R. & T. Sandler (1986) The Theory of Externalities, Public Goods and Club Goods, Cambridge University Press, Cambridge • Cullis, J & P. Jones (1999) Public Finance & Public Choice, McGraw Hill, London. • Dasgupta, P. & A. Sen and S.Marglin (1972) Guidelines for Project Evaluation, Unido, Vienna. • Hindriks J and Gareth D. Myles (2006) Intermediate Public Economics, Prentice-Hall Of India, Delhi. • Jha, Raghavendra (1998) Modern Public Economics, Routledge, London. • Mundle, S. (ed.) (1997) Public Finance: Policy Issues for India, Oxford University Press, Delhi. • Musgrave, R. A. and C. Shoup (Eds.) (1970), Readings in the Economics of Taxation, George Alien and Unwin, London • Myles, G. (1997) Public Economics, Cambridge University Press, London. • Nicholas, B. (Ed.) (2001), Economic Theory and the Welfare state, Edward Elgar, U.K. • Singh S.K. (1986) Public Finance in Developed and Developing Countries, S.Chand, New Delhi. | |
| <p><u>Learning Outcomes</u></p> | <p>The students will be able to understand the fundamental theories of public economics, reasons for market failure and taxation</p> | |