

**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

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

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