



Economics
Public Economics I
[Core Course]

Semester: I	Credits: 4	Subject Code: MEC 12002	Lectures: 48
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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.

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

Unit 2: Rationale for Public Policy	10
<ul style="list-style-type: none"> • 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. • Impossibility of Decentralized Provision of Public Goods. • Contributions of Samuelson and Musgrave Demand Revealing Schemes Public Goods. • The Clarke Tax, The Tiebout Hypothesis, The Theory of Clubs. 	

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Unit 3: Changing Approaches to Public Choice	12
<ul style="list-style-type: none"> • The Theory of Externalities- The Coase Theorem, Types of Externalities and Alternative Government Policies (Taxes, Congestion Charges, Regulations) • Public Intervention, Social Security and Social Insurance- Value and Importance to people, Problems of Social Insurance, • Strengthening Social Security Contributions through Direct Benefit Transfers, Unemployment Allowances, Food Stamps • Behavioural Public Economics- Alternative approach to Economic Models to measure impact of public policies and well-being 	

Unit 4: Public Expenditure	08
<ul style="list-style-type: none"> • Wagner's Law of Increasing State Activities. • Wiseman- Peacock Hypothesis, Pure Theory of Public Expenditure. • Structure and Growth of Public Expenditure. • Criteria for Public Investment, Social Cost-Benefit Analysis, Project Evaluation, Estimation of Costs, Discount Rate. 	

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

Recommended Text Books:

- 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
- 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
- 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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Economics
Public Economics II
[Core Course]

Semester: II	Credits: 4	Subject Code: MEC22002	Lectures: 48
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Course Outcomes:

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

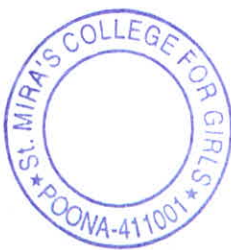
- Relate and describe the developments in the theoretical framework of Public Economics.
- Relate and explain the objectives of fiscal policy with special reference to developing economies
- Discuss and evaluate the concepts of governmental budgeting and budgetary deficits.
- Assess the role for governmental 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

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

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

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

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

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

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

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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- other than Parent University	Dr. Subhash Patil	Subhash Patil 15/6/20	
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One Alumni	Ms. Suchismita Mohanty		SMohanty 15/6/20

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