

**MA Economics  
Public Economics I**

Semester I

Subject Code: MEC11502

Lectures : 48

**Objectives:**

- The syllabus aims in equipping students with
- The understanding of political processes by which fiscal decisions are reached.
  - The knowledge of tax burden which would help them avoid tax evasion.
  - The importance and the constructive role of Public sector.
  - The appropriate balance between the Private and the Public Sectors.

**Unit 1: Introduction to Public Sector**

No. of  
Lects.  
07

- 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.



**Members Present :**

- |   |                     |
|---|---------------------|
| 1) Dr. Girija Lagad- Faculty, Director MITSOG, Pune.                          | Signy: Girija       |
| 2) Mr Nishant Upadhyay- Chief Manager, SBI, Forex , Pune.                     | Nishant Upadhyay    |
| 3) Dr. Subhash Patil – HOD, PG Dept. of Economics, SNDT, Pune.                | Subhash Patil       |
| 4) Mrs Suchismita Mohanty- Vice Principal, Kaveri College of Commerce, Pune   | Mohanty             |
| 5) Dr. Soniya Chavan- HOD- St. Mira's College for Girls, Pune.                | SG Chavan           |
| 6) Mrs. Shalini Iyer- St. Mira's College for Girls, Pune.                     | Shalini Iyer        |
| 7) Dr. Arwah Madan - St. Mira's College for Girls, Pune.                      | Arwah Madan         |
| 8) Dr. Manisha Pimpalkhare- St. Mira's College for Girls, Pune.               | Manisha Pimpalkhare |
| 9) Mrs. Meenal Sumant- St. Mira's College for Girls, Pune.                    | Meenal Sumant       |
| 10) Mrs. Amrita Basu- St. Mira's College for Girls, Pune.                     | Amrita Basu         |
| 11) Mr. V. Haldavnekar- Visiting Faculty, St. Mira's College for Girls, Pune. | V. Haldavnekar      |

Signy: Girija  
Nishant Upadhyay  
Subhash Patil  
Mohanty  
SG Chavan  
Shalini Iyer  
Arwah Madan  
Manisha Pimpalkhare  
Meenal Sumant  
Amrita Basu  
V. Haldavnekar

**Unit 2: Rationale for Public Policy**

No.of  
Lects.  
**13**

- Efficiency: Meaning of Efficiency, Efficient Provision of Private and Social Goods.
- Equity: Equity in Distribution, Endowment based Criteria, Utilitarian Criteria, Egalitarian Criteria, and 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.

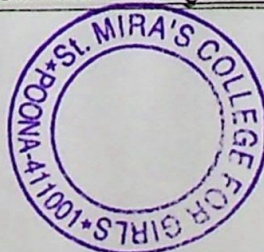
**Unit 3: Public Choice and Fiscal Politics**

No.of  
Lects.  
**10**

- Direct Democracy- Voting Rules, Majority Rule and the Median Voter, Voting Paradox, Arrow's Impossibility Theorem.
- Fiscal Choices- Variable size of Budget, Variable Tax Price, Variable Expenditure Mix, Alternative Voting Rules.
- Representative Democracy: The Role of Politicians, Parties, Platforms and Coalitions.
- The Leviathan Hypothesis, Voting Bias, Monopoly Government, Campaign Reform, The Persistence of Inefficient Equilibrium.

**Members Present :**

- |   |              |
|---|--------------|
| 1) Dr. Girija Lagad- Faculty, Director MITSOG, Pune.                          | <p>Sign:</p> |
| 2) Mr Nishant Upadhyay- Chief Manager, SBI, Forex , Pune.                     |              |
| 3) Dr. Subhash Patil – HOD,PG Dept. of Economics, SNTD, Pune.                 |              |
| 4) Mrs Suchismita Mohanty- Vice Principal, Kaveri College of Commerce, Pune   |              |
| 5) Dr. Soniya Chavan- HOD- St. Mira's College for Girls, Pune.                |              |
| 6) Mrs. Shalini Iyer- St. Mira's College for Girls, Pune.                     |              |
| 7) Dr. Arwah Madan - St. Mira's College for Girls, Pune.                      |              |
| 8) Dr. Manisha Pimpalkhare- St. Mira's College for Girls, Pune.               |              |
| 9) Mrs. Meenal Sumant- St. Mira's College for Girls, Pune.                    |              |
| 10) Mrs. Amrita Basu- St. Mira's College for Girls, Pune.                     |              |
| 11) Mr. V. Haldavnekar- Visiting Faculty, St. Mira's College for Girls, Pune. |              |



**Unit 4: Public Expenditure**

No. of  
Lects.  
08

- Wagner's Law of Increasing State Activities.
- Wiesman- 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.
- Reforms in Expenditure Budgeting, Programme Budgeting and Zero Base Budgeting, Outcome of Budget and Performances.

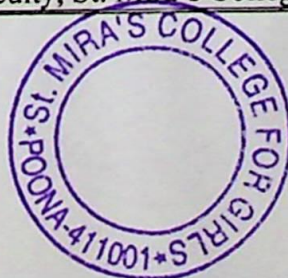
**Unit 5: Taxation**

No. of  
Lects.  
10

- 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

12 lectures are assigned for library work, assignments, guest lectures and other contact hours

Members Present :	Sign
1) Dr. Girija Lagad- Faculty, Director MITSOG, Pune.	<i>Girija Lagad</i>
2) Mr Nishant Upadhyay- Chief Manager, SBI, Forex , Pune.	<i>Nishant Upadhyay</i>
3) Dr. Subhash Patil – HOD, PG Dept. of Economics, SNTD, Pune.	<i>Subhash Patil</i>
4) Mrs Suchismita Mohanty- Vice Principal, Kaveri College of Commerce, Pune	<i>Suchismita Mohanty</i>
5) Dr. Soniya Chavan- HOD- St. Mira's College for Girls, Pune.	<i>Soniya Chavan</i>
6) Mrs. Shalini Iyer- St. Mira's College for Girls, Pune.	<i>Shalini Iyer</i>
7) Dr. Arwah Madan - St. Mira's College for Girls, Pune.	<i>Arwah Madan</i>
8) Dr. Manisha Pimpalkhare- St. Mira's College for Girls, Pune.	<i>Manisha Pimpalkhare</i>
9) Mrs. Meenal Sumant- St. Mira's College for Girls, Pune.	<i>Meenal Sumant</i>
10) Mrs. Amrita Basu- St. Mira's College for Girls, Pune.	<i>Amrita Basu</i>
11) Mr. V. Haldavnekar- Visiting Faculty, St. Mira's College for Girls, Pune.	<i>V. Haldavnekar</i>



### Recommended Text Books:

- Tyagi, B P (2009), Public Finance, Jai Prakash Nath & Co.
- Bhatia, H L (2012), Public Finance, Vikas Publishing House
- Cullis, John and Jones, Philip (2009), Public Finance and Public Choice, Oxford University Press
- Stiglitz, Joseph E (1999), Economics of the Public Sector, W. W. Norton and Company
- Musgrave, Richard A and Musgrave, Peggy B (1989), Public Finance in Theory and Practice, Tata McGraw Hill
- Ganguly, Subrata, Public Finance- A Normative Approach
- Singh, S K Public (1996), Finance in Theory and Practice, Sultan Chand and Co.

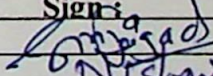
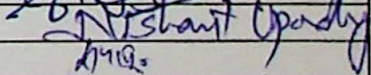
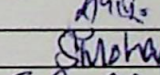
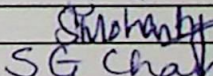
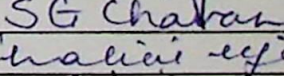
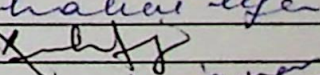
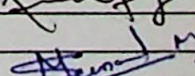
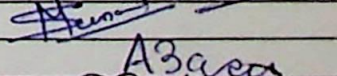
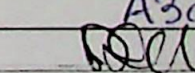
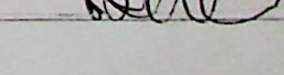
### Reference Books:

- Buchanan, J.M. (1968), The Demand and Supply of Public Goods, Rand McNally, Chicago.
- Dorfman, R. (Ed.) (1970), Measuring the Benefits of Government Investment, Brookings Institution, Washington R Goode- Government Finance in Developing Countries, Tata McGraw Hill, New Delhi, 1986
- Duff, L. (1997), Government and Market, Orient Longman, New Delhi.
- Herber, B.P. (1967), Modern Public Finance, Richard D. Irwin, Homewood
- J M Houghton- The Public Finance: Selected Readings, Penguin, Harmondsworth, 1970
- Mueller, D.C. (1979), Public Choice, Cambridge University Press, Cambridge
- R Cornes and T Sandler- The Theory of Externalities, Public Goods and Club Goods, Cambridge University Press, 1986
- Spulber, N. (1998), Redefining the State, Cambridge University Press,

Members Present :	Sign:
1) Dr. Girija Lagad- Faculty, Director MITSOG, Pune.	<i>[Signature]</i>
2) Mr Nishant Upadhyay- Chief Manager, SBI, Forex, Pune.	<i>[Signature]</i>
3) Dr. Subhash Patil – HOD, PG Dept. of Economics, SNTD, Pune.	<i>[Signature]</i>
4) Mrs Suchismita Mohanty- Vice Principal, Kaveri College of Commerce, Pune	<i>[Signature]</i>
5) Dr. Soniya Chavan- HOD- St. Mira's College for Girls, Pune.	<i>[Signature]</i>
6) Mrs. Shalini Iyer- St. Mira's College for Girls, Pune.	<i>[Signature]</i>
7) Dr. Arwah Madan - St. Mira's College for Girls, Pune.	<i>[Signature]</i>
8) Dr. Manisha Pimpalkhare- St. Mira's College for Girls, Pune.	<i>[Signature]</i>
9) Mrs. Meenal Sumant- St. Mira's College for Girls, Pune.	<i>[Signature]</i>
10) Mrs. Amrita Basu- St. Mira's College for Girls, Pune.	<i>[Signature]</i>
11) Mr. V. Haldavnekar- Visiting Faculty, St. Mira's College for Girls, Pune.	<i>[Signature]</i>



Cambridge

Members Present :	Sign :
1) Dr. Girija Lagad- Faculty, Director MITSOG, Pune.	
2) Mr Nishant Upadhyay- Chief Manager, SBI, Forex , Pune.	
3) Dr. Subhash Patil – HOD,PG Dept. of Economics, SNTD, Pune.	
4) Mrs Suchismita Mohanty- Vice Principal, Kaveri College of Commerce, Pune	
5) Dr. Soniya Chavan- HOD- St. Mira's College for Girls, Pune.	
6) Mrs. Shalini Iyer- St. Mira's College for Girls, Pune.	
7) Dr. Arwah Madan - St. Mira's College for Girls, Pune.	
8) Dr. Manisha Pimpalkhare- St. Mira's College for Girls, Pune.	
9) Mrs. Meenal Sumant- St. Mira's College for Girls, Pune.	
10) Mrs. Amrita Basu- St. Mira's College for Girls, Pune.	
11) Mr. V. Haldavnekar- Visiting Faculty, St. Mira's College for Girls, Pune.	