

Ambedkar University Delhi

**Course Code:** SUS1EC133

**Course Title:** Public Economics

**No. of Credits:** 4 (Four)

**Introduction**

This is one of the elective courses developed with an objective to orient students about the public sector and its functioning in general and issues pertaining to the public finances in particular. On the whole, the course lays the foundations in terms of the application of principles of microeconomics and macroeconomics for conducting economic analyses of public sector. The modules covered in the course facilitate the understanding of both micro- and macro- level arising on account of the state intervention in the functioning of the economy.

Week*	Plan/ Topic	Theme/	Objectives	Core Reading (with no. of pages)	Additional Suggested Readings	Assessment (weights, modes, scheduling)
1	Introduction		Understanding fiscal functions and linkages of public sector with the rest of the economy	Musgrave and Musgrave 5 <sup>th</sup> ed. Ch. 1 and 2 (pp. 3-20).		
2-3	Public Economics and efficiency		Economic theory behind the provision for public/social goods	Musgrave and Musgrave 5 <sup>th</sup> ed. Ch. 4 and 5 (pp. 41-72).		
4	Public Choice		To impart knowledge of the fiscal politics in public choice making.	Musgrave and Musgrave 5 <sup>th</sup> ed. Ch. 7 (pp. 87-110).		
5-6	Principles of taxation & Tax Structure		Introduction to taxation and understanding the principles of taxation and their equity implications.	Musgrave and Musgrave 5 <sup>th</sup> ed. Ch. 12 and 13 (pp. 211-233).		
7-8	Effects of taxation		Understanding tax burden and incidence of taxation using partial and general equilibrium framework.	Musgrave and Musgrave 5 <sup>th</sup> ed. Ch. 14 and 15 (pp. 234-276).		
9	Efficient Tax Design		Introducing the concept of excess burden and principles of	Musgrave and Musgrave 5 <sup>th</sup> ed. Ch. 16 (pp. 277-296).		

		optimal taxation.			
10	Issues in Public Finance in India	Critical appraisal of public finance in India and the issues in Indian taxation; public debt and its implications	Recent literature such as Rao (2017) etc.		
11	Fiscal Federalism	Emerging issues in Indian Fiscal Federalism and addressing the fiscal imbalances (horizontal/vertical)	Recent literature such as Reddy (2018) etc.		
12	Institutional Mechanism	Introduction to Public Policy making; centre and state financial relations and role and functions of finance commissions	Recent literature such as Mittal and Naqvi (2018) etc.		

\*This is only a tentative week plan.

#### *Core Readings*

- Public Finance in Theory and Practice: Fifth Edition by Richard A. Musgrave and Peggy B. Musgrave, Tata McGraw-Hill, 2005.
- Public Finance and Public Choice: Analytical Perspective” by John Cullis & Phillip Jones, McGrawHill Book Company, 1992.

#### *Suggested Readings*

- “Issues in Indian public finance” by D. K. Srivastava, New Century Publications, 2005.
- Mittal, A., & Naqvi, A. H. (2018). A Comparison of Fiscal Capacity of States in India: A Regression Approach. In Challenges and Issues in Indian Fiscal Federalism (pp. 31-45). Springer, Singapore
- Monetary Economics – Institutions, Theory and Policy: Gupta Suraj B, S.B.Gupta, S. Chand & Company Limited, 1988.
- Public Economics: First Edition by Gareth D. Myles, Cambridge University Press, UK, 1995.
- Public Finance and Public Policy, Third Edition, Jonathan Gruber, MIT, New York, 2010.
- Rao, M. G. (2017). Public Finance in India in the Context of India’s Development (No. 17/219)
- Reddy, Y. V. (2018). Fiscal Federalism in India: Emerging Issues. In Challenges and Issues in Indian Fiscal Federalism (pp. 1-6). Springer, Singapore.

Assessment Pattern: It will constitute three/four assessments. The nature and weightage of assessments will be conveyed in the class.