

## **Paper –I (Public Economics)**

<b>Course Title</b>	<b>Public Economics</b>
<b>Course Type</b>	<b>Core Course</b>
<b>Credit Value</b>	<b>05</b>
<b>Max. Marks</b>	<b>100</b>
Course Learning outcomes (CLO)	<p>On successful completion of this course, the students will be able to:</p> <ol style="list-style-type: none"> <li>1. Understand the need for government intervention in the economy.</li> <li>2. Analyse taxation and public expenditure principles.</li> <li>3. Evaluate fiscal policy and budgeting processes.</li> <li>4. Apply economic tools to public policy issues.</li> <li>5. Assess government programs and financial reforms</li> </ol>

<b>Unit</b>	<b>Topics</b>
<b>Unit-1: Public Economics- Concept, Scope, Provision of Public Good</b>	<p>Public Economics, Scope, Concept, Role of Government, Public Private and Merit Goods, Pure Impure Public Goods, Quasi-Public Good. Non-Rival Consumption and Non-Excludability of Public Good, Demand and Supply of Public Good. Problems of Preference Revaluation, Voting Rules, Characteristics of Majority Voting Rule. Concept of "Loka-sangraha": The idea of working for the welfare and cohesion of society, which can be linked to the concept of public good provision.</p> <p>Unit Activity: Identify each type of goods in the local /regional economy with GPS location and your reasoning to classify it so.</p>
<b>Unit-2 Public Expenditure</b>	<p>Public Expenditure, structure, and growth, Wagner's Law of Increasing of Increasing State Activity, Wiseman Peacock Hypothesis. Benefit and Ability to Pay Approaches to Taxes Allocative and Equity Aspects of Taxes. Economic Effects of Public Expenditure on Production and Distribution. Public Expenditure and Economic Growth. Canon Of Expenditure. Theories Of Public Expenditure Rahn Curve, Colin Clark Critical Limit Hypothesis. Maximum Social Advantage Theory by Dalton. Allocation of State Resources in Ancient India: Examining how resources were allocated in ancient Indian kingdoms for various purposes such as defence, infrastructure (e.g., wells, temples, roads). welfare activities (e.g., famine relief), and maintenance of administration, as documented in historical texts.</p>

	<p>Unit Activity: Give five examples from the current fiscal year for public expenditure by Local, State and Central governments that affect production and distribution in the respective economy.</p>
<p><b>Unit-3</b> <b>Public Revenue and Tax System in India</b></p>	<p>Meaning, Classification, Sources, Principles, and Effects of Public Revenue. Classification of Taxation -Indirect and Direct Tax. Progressive and Non-Progressive Taxation, Incidents, and Effects of Taxation. Indian Tax System: An Assessment, An Introduction To MODVAT, CENVAT, and Goods and Service Tax (GST). Issues In the Taxation Service in India. Canon Of Taxation. Ancient Indian Taxation Principles: Analysis of taxation principles and practices described in texts like Artha shastra, Manu Smriti, and other dharma-shastras. This could include discussions on different types of taxes (e.g., land revenue, customs duties), fairness in taxation, and the idea of a king's legitimate share of produce.</p> <p>Unit Activity: Identify two articles/research papers (last five years) focused on Goods and Service Tax and your summary/critical analysis of it.</p>
<p><b>Unit-4</b> <b>Budgeting and Public Debt</b></p>	<p>Meaning. Objectives, Different Forms of Budget. Budgetary Process in India. Kinds of Budget-Traditional Budget, Performance Budget. Zero Based Budget, Outcome Budget, Gender Budget. Cost Benefit Analysis, Shadow Pricing, Discount Rate. Public Borrowing Public Debt Budgeting Public Debt, Objective of Public Debt, Methods of Debt Redemption. Effects of Public Debt. State Financial Management in Ancient Kingdoms: While not a formal modern budget, examining how ancient Indian states managed their income and expenditure, and the foresight applied in managing surpluses and deficits, possibly through systems of granaries for famine relief or strategic reserves.</p> <p>Unit Activity: Analyze central and state government's current fiscal year budget.</p>
<p><b>Unit-5</b> <b>Fiscal Federalism and Fiscal Reforms in India</b></p>	<p>Fiscal Federalism and Fiscal Reforms in India. Centre-State Financial Relation, Balanced Budget Multiplier-Principle of Division of Financial Resource in Federation. Horizontal and Vertical Imbalance- Finance Commission and Planning Commission in Resources Transfer from Center to the States in India. Ethical Governance and Reforms from IKS Perspective: Applying broader IKS principles of good governance, justice, and welfare to contemporary fiscal reforms, emphasizing sustainability, equity, and public benefit.</p> <p>Unit Activity: Compare the last two finance commissions and give a comparative analysis of their pros and cons.</p>

## **Learning Resources**

### **Text Books:**

- Dr. S.K. Singh- Public Finance, S. Chand Pub. 2008
- Sundram KPM, Andley K.K.- Public Finance, S. Chand Pub. 2003
- Dr. B.P. Tyagi- Public Finance, Jai Prakashan, Auth. 1975
- M. Maria John, Kennedy- Public Finance, PHI Pvt. Ltd.2013
- Late. V.G. Mankar, Prof. L. S. Sharma- Public Finance Himalaya Pub. 2001
- Modern Public Finance, Herper Bernard P., AITBS Pub.2006
- Public Finance- Andley
- R.K. Lekhi, Public Finance

### **Suggested Readings:**

- Duff L., Government and Market, orient Longman, New Delhi 1997.
- Qullis. John and Jones Phillp: Public Finance and Public Choice, Oxford University Press, Second Edition 1998
- Atkinson Anthony B, Stiglitz, Josheph E; Lectures on Public Economics, Mac Graw Hill Book Co. Singapore 1980
- Musgrave, Richard A. Musgrave, Peggy B; Public Finance in Theory and Practice, Tata Mc Graw Hill Company, New Delhi 2004
- Chelliah Raja J; Fiscal Policy in Under Developed Countries, George Allen and Unwin, London 1971

### **Articles**

1. Agno Sandmo (1976): Optimal Taxation: An Introduction to Literature, Journal of Public Economics, 6, pp 37-54.
2. Berry, Steven T. and Joel Waldfogel (1999): "Public Radio in the U.S.: Does it Correct Market" Public Radio in the U.S.: Does it Correct Market Failure of Cannibalize Commercial Stations?" Journal of Public Economics 71, 189-211.
3. Charles Tiebout (1956): "A Pure Theory of Local Expenditures, Journal of Public Economics, 64,416-424.
4. Blejer, M. and Adrienne, C. (1993): 'How to Measure the Fiscal Deficit, International Monetary Fund, Washington DC

### **Suggested Readings for Indian Knowledge System in Public Economics:**

#### **Text Books (exploring IKS concepts relevant to Public Economics):**

- Kautilya's Arthashastra (Various editions, e.g., R. Shamasastri or L.N. Rangarajan translations)
- The Mahabharata (especially the Santi Parva)
- Manusmriti (or the Laws of Manu)
- Varma, V.P. - Foundations of Indian Political Thought
- Altekar, A.S. State and Government in Ancient India
- Trautmann, Thomas R. - Kautilya and the Arthashastra: A New Introduction
- Ganguli, B.N. History of Indian Economic Thought
- Pande, G.C. Hindu Economics

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