

SARDAR PATEL UNIVERSITY
Programme & Subject: M.A (Economics)
Semester: III
Syllabus with Effect from: June - 2014

Paper Code: PA03CECO02	Total Credit: 4
Title Of Paper: Theory of Public Economics	

Unit	Description in detail	Weightage (%)
I	Introduction, Failure of the Market Mechanism and Need for Government Intervention Role of government in organized society, overview of modern public economics - government in a mixed economy: public and private sector, government as a tool for operationalizing the planning process. Market failure-imperfections, decreasing costs, monopolies, externalities, concepts of free riders, spill-over effect, types of goods and their characteristics, public, private, mixed, merit, common property resources	25
II	Allocation of Resources Private & public mechanism for allocating resources; Problems for allocating resources, contributions of Musgrave. Efficient provision of private social mixed and merit , Samuelson’s “Same Price” rule, impossibility of decentralized provision of social goods mixed goods, bargaining in small group,, allocation in the budget, principle of maximum social advantage, Pigovian corrective taxes, Coasian bargaining -common property resources: demand revealing schemes for public goods, problems of preference revelation and aggregation of preferences, voting systems, Arrow Impossibility Theorem, economic theory of democracy, politico-eco-bureaucracy	25
III	Stabilization and Distribution Problem of instability in an economy, role of monetary and fiscal policies in bringing stabilization in the economy, Distribution Policy-Meaning, Does equity belong in economics, allocation or distribution: Which comes first, approaches to distributive justice, limits to redistribution, poverty alleviation-role of fiscal and monetary policies in India in reducing distributional inequalities & regional imbalances.	15
IV	Fiscal Policy Objectives & instruments of fiscal policy, impact of Fiscal policy (tax, expenditure and debt) on allocation and efficiency, distribution and redistribution, stabilization and growth, interdependence of fiscal & monetary policies	15
V	Public Revenue Meaning of tax, how taxes are different from other sources of revenue, inflation as tax. Types and Classification of taxes, impact, shifting and incidence of taxes, canons of taxes, base of tax. Laffer curve, Benefit & ability to pay approaches of taxes, taxable capacity, tradeoff between equity and efficiency, incidence of taxes and allocative efficiency, Excess burden of taxes\	20



Basic Text & Reference Books:-

- Auerbach,A.J. and M Feldstern (Eds) (1985),Handbook of Public Economics, Vol-I,North Holland,Amsterdam.
- Bhatia, H.L., (2003), Public Finace, Vikas Publishing House Pvt. Ltd., New Delhi
- Buchanan, J.M.C. (1970) The Public Finances, Richard D. Irwin, Homewood
- Jha, R (1998), Modern Public Economics, Roultedge London.
- Mankar, V.G. Public Finance - Theory and Practice.
- Menutt, P (1996), The Economics of Public Choice, Edward Elgar, u.k
- Musgrave and Musgrave (1976) Public Finance in Theory and Practice, Mcgraw Hill,

