

SVKM's Narsee Monjee College of Commerce & Economics

Program: Bachelor of Commerce (Economics)				Semester: III	
Course: Public Economics Academic Year: 2024-25 Batch: 2023-2027				Code:	
Teaching Scheme				Evaluation Scheme	
Lectures	Practicals	Tutorials	Credits	Internal Continuous Assessment (ICA) (weightage)	Term End Examinations (TEE) (weightage)
60	Nil	Nil	04	40%	60%
Internal Component					
Class Test		Projects / Assignments		Class Participation	
20 marks		20 marks		-	
Learning Objectives:					
<ol style="list-style-type: none"> Students will be able to comprehend the fundamental concepts and theories in public economics, including efficiency, market failure, public goods, externality, and taxation theory. Students will develop the ability to analyze and evaluate real-world economic issues related to public policy, such as tax incidence, deadweight loss, fairness, and efficiency. Students will apply economic principles, such as the Coase theorem and Pigouvian taxation, to propose solutions for addressing market failures and improving resource allocation in both theoretical and practical contexts. Students will critically evaluate Indian public finance systems, including taxation, expenditure, fiscal federalism, and budgetary reforms, and formulate policy recommendations based on economic principles and empirical evidence. 					
Learning Outcomes:					
<ol style="list-style-type: none"> Students will demonstrate an understanding of key concepts and theories in public economics by accurately defining and explaining terms such as efficiency, market failure, public goods, and tax incidence. Students will analyze economic issues related to public policy, such as deadweight loss and fairness, using economic models and principles to identify causes, consequences, and potential solutions. Students will apply economic tools, including the Coase theorem and Pigouvian taxation, to analyze and propose solutions for real-world problems. Students will be able to develop a practical proposal for addressing a public policy issue related to Indian public finance, considering budgetary constraints. 					
Pedagogy: Classroom Learning, problem solving, case studies, projects or assignments.					
Detailed Syllabus: (per session plan) Session Outline for Public Economics Each lecture session would be of one hour duration (60 sessions)					

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Module	Module Content	Module Wise Pedagogy Used	Module Wise Duration	Module Wise Reference Books
I	<p><u>Efficiency, Markets and Role of Government</u></p> <p>Market Efficiency and market failure: Efficiency in competitive markets, market failure, efficiency vs equity</p> <p>Government Intervention and public goods: role of government in market economies, public goods, free-rider problem, tragedy of the commons</p> <p>Externalities and government policy: Externality in production and consumption, Pigouvian taxes, subsidies, tradeable permits and command and control measures, Coase Theorem.</p>	Class room lectures and problem solving	15	<p>“Economics of the Public Sector” by Joseph E. Stiglitz (4th edition) Chapter 3, 4, 5 and 6</p>
II	<p><u>Theory of Taxation</u></p> <p>Introduction to taxation: Desirable characteristics of the tax system, framework for choosing amongst tax systems (Utilitarian and Rawlsian social welfare function)</p> <p>Tax incidence: Ad- valorem vs specific taxes, effect of elasticity</p> <p>Taxation and Economic Efficiency: Effect of taxes borne by consumers (income and substitution effects), deadweight loss of taxation, effect of taxes borne by producers</p> <p>Optimal Taxation</p> <p>Reform of the tax system: fairness and efficiency, Horizontal and vertical equity in taxation.</p>	Class room lectures and problem solving	15	<p>“Economics of the Public Sector” by Joseph E. Stiglitz (4th edition) Chapter 17, 18, 19, 20, 25</p>

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III	<p><u>Theory of Public Expenditure</u></p> <p>Public Production of Goods and Services and Natural Monopoly</p> <p>Comparison in efficiency of public and private sectors, Sources of inefficiency in the public sector</p> <p>Public Mechanism for allocating resources: Problem of aggregating preferences, majority voting and the voting paradox, Arrow's impossibility theorem</p> <p>Evaluating Public Expenditure: Social Cost- Benefit Analysis</p>	Class room lectures and problem solving	15	<p>“Economics of the Public Sector” by Joseph E. Stiglitz (4th edition) Chapter 8, 9, 11</p>
IV	<p><u>Indian Public Finance</u></p> <p>Tax System: Sources of public receipts, Structure and Reforms</p> <p>Indian Public Expenditure, Budget Deficits, Public Debt and FRBM Act</p> <p>Union Budget of India</p> <p>Fiscal Federalism in India and 15th Finance Commission, Critical Assessment of Centre- State Financial Relations in India</p>	Class room lectures and problem solving	15	<p>“Indian Economy- Its Development Experience”</p> <p>Misra and Puri(37th edition), Chapters 50, 51, 53, 54.</p>

Reference Books:

1. “Economics of the Public Sector” by Joseph E. Stiglitz (4th edition), W.W. Norton and Company, Inc.
2. “Public Finance in theory and practice” by Richard A. Musgrave and Peggy B. Musgrave (5th edition), McGraw Hill international editions
3. “Public Finance: A contemporary application of theory to policy” by David N. Hyman (10th edition), South Western Cengage Learning
4. “Intermediate Public Economics” by Jean Hindriks and Gareth D. Myles (2006), The MIT Press
5. Union Budget
6. “Indian Economy- Its Development Experience” by Misra and Puri

Note: Latest edition of text book may be used.

Evaluation Pattern

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The performance of the learner will be evaluated in two components. The first component will be a Continuous Assessment with a weightage of 40% of total marks per course. The second component will be a Semester end Examination with a weightage of 60% of the total marks per course. The allocation of marks for the Continuous Assessment and Semester end Examinations is as shown below:

a) Details of Continuous Assessment (CA)

40% of the total marks per course:

Continuous Assessment	Details	Marks
Component 1 (CA-1)	Class Test	20 marks
Component 2 (CA-2)	Assignment	20 marks

b) Details of Semester End Examination

60% of the total marks per course. Duration of examination will be two and half hours.

Question Number	Description	Marks	Total Marks
Q1.	Answer any One out of Two (Module I)	12 x 1	12
Q2.	Answer any One out of Two (Module II)	12 x 1	12
Q3.	Answer any One out of Two (Module III)	12 x 1	12
Q4.	Answer any One out of Two (Module IV)	12 x 1	12
Q5.	(a) Case Study	6 x 1	6
	(b) Give economic reasons/ Explain the following statements	3 x 2	6
Total Marks			60

Signature

HOD
(Ms. Sneh Choithani)

Signature

Approved by Principal
(Dr. Parag Ajagaonkar)