

**UNIVERSITY OF DELHI
DELHI SCHOOL OF ECONOMICS
DEPARTMENT OF ECONOMICS**

Minutes of Meeting

Subject	:	B.A. (Hons) Economics – Fifth Semester (2015) (erstwhile FYUP)
Course	:	14 – Public Economics
Date of Meeting	:	20 th May, 2015
Venue	:	Department of Economics Delhi School of Economics University of Delhi
Chair	:	Professor Shreekant Gupta

Attended by:

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|-----------------------|------------------------------------|
| 1. Supiti Mishra | Shyam Lal College (Morning) |
| 2. Surajit Deb | Aryabhatta College |
| 3. Pawan Kumar | Ramjas College |
| 4. Kittu Kapoor | Mata Sundari College |
| 5. Dr. Renu Singh | Satyawati College |
| 6. Uma | Lakshmi Bai College |
| 7. Ravish | ARSD College |
| 8. Divya Gupta | Daulat Ram College |
| 9. Nidhi Dhamija | Hindu College |
| 10. Anil Kumar | Ramjas College |
| 11. Iti Tripathi | Shivaji College |
| 12. Dr. Deepti Taneja | Delhi College of Arts and Commerce |
| 13. Vibha Aggarwal | Indraprastha College |
| 14. Dorothy | Bharati College |
| 15. Renu Bajaj | Sri Aurobindo Commerce |

The following texts were agreed upon:

1. John Cullis and Philip Jones, *Public Finance and Public Choice*, Oxford University Press, 2nd edition, 1998
2. Joseph E. Stiglitz, *Economics of the Public Sector*, 3rd edition, W. W. Norton and Co. 2009
3. Jean Hindriks and Gareth D. Myles. *Intermediate Public Economics*, MIT Press, 2nd edition (April 2013) [Available at RTL]
http://www.amazon.com/Intermediate-Public-Economics-Jean-Hindriks/dp/0262018691/ref=dp_ob_title_bk

TOPICWISE READING LIST

Topic I: Competitive Economics

Review of exchange and production economies, and classical efficiency theorems

Hindriks & Myles, Chapter 2 (de-emphasise)

Topic II: Public Goods

Various modes of provision and decision making; mechanism design, e.g. Clarke-Groves schemes. Club goods and local public goods; various models of provisioning; the Tiebout model.

Cullis & Jones, Chapter 3 (Sections: 3.1 to 3.5.2 and 3.5.4).

Cullis & Jones, Chapter 12 (Sections: 12.1 to 12.4.2). (de-emphasise Mechanism Design)

Topic III: Externalities

Various examples; various models for dealing with the inefficiency; taxation, licensing, internalization, the Coasian approach.

Hindriks & Myles, Ch. 8 (Sections: 8.1 to 8.4.5, 8.5, 8.7, 8.8, 8.10) (de-emphasise Licensing)

Topic IV: Imperfect Competition

Inefficiency and welfare loss; regulation of monopolies, monopsonies and oligopolies; detection of collusion and merger policy; taxation as a remedy.

Hindriks & Myles, Chapter 9 (Sections: 9.1 to 9.3, 9.7 to 9.10)

Topic V: Asymmetric Information

Moral hazard, screening, signalling; second-best contracting.

Hindriks & Myles, Chapter 10 (to be deemphasized)

Topic VI: Taxation

Deadweight losses, optimal taxation, tax rules and equity considerations of commodity taxes; public sector pricing; income taxes and labour supply; various taxation schemes; models of tax evasion, auditing and punishment.

Stiglitz, Chapter 18 (pp. 482 to 497), Chapter 19, Chapter 20 (pp. 550 to 562).

Hindriks & Myles, Chapter 17 (Sections: 17.1 to 17.4 and 17.7)

S Poddar & E Ahmad (2009), "GST Reforms and Intergovernmental Considerations in India", (Sections: 1 to 5A), *Working Paper No.1/2009, Department of Economic Affairs, Ministry of Finance, GOI.*

Topic VII: Fiscal Federalism

Arguments for multi-level government; optimal structure; risk sharing.

Cullis & Jones, Chapter 12 (Sections: 12.4.3a and 12.7).

Y. V. Reddy (2015), "Fourteenth Finance Commission, Continuity, Change and Way Forward", *Economic and Political Weekly*, Vol. L, No. 21, pp 27 – 36.

Examination Pattern

- Students will be expected to attempt 5 out of 8 questions (15 marks each).
- Questions may include diagrams, numericals and short notes.
- Internal assessment is based on a class test (10 marks) and a presentation (15 marks).