

UNIVERSITY OF DELHI
DELHI SCHOOL OF ECONOMICS
DEPARTMENT OF ECONOMICS

Minutes of Meeting

Subject : Common Pool of GE ECON061
Course : Theory of Public Finance – ECON061
Credits : 4 (3L+1T)
Date of Meeting : August 03, 2023
Venue : Department of Economics, Delhi School of Economics,
University of Delhi
Convenor : Anish Gupta

Attended by

Teacher Name	College Name
Devendra Kumar	Daulat Ram College
Navpreet Kaur	Miranda House

Learning Objectives

The Learning Objectives of this course are as follows:

- This course will look into the efficiency and equity aspect of market mechanism of allocating resources and also the design and implications of public sector policies including taxation and monetary policies.
- It will deal with efficiency, equity, public goods, externalities, taxation, subsidies, fiscal multiplier, money supply, interest rate and their interlinkages.

Learning outcomes

The Learning Outcomes of this course are as follows:

- This course aims to develop the broad conceptual frameworks which will enable students to learn economic issues efficiency, equity, public goods, externalities, taxation, subsidies, fiscal multiplier, money supply, interest rate and their interlinkages.
- It will also allow them to critically evaluate various micro and macro aspects of government policies and their effects on output, distribution, and welfare in the economy.
- The course will be useful for students aiming towards careers in the government sector, policy analysis, business and journalism.

Recommended readings

- R.A. Musgrave and P.B. Musgrave, Public Finance in Theory and Practice, 5th Edition.
- Rosen, H. & Gayer, T. (2014). Public finance (10th ed.). New York: McGraw-Hill.
- Stiglitz, J E & Rosengard J K (2015), Economics of the Public Sector, 4th ed, W.W. Norton.
- Jonathan Gruber, (2011), Public Finance and Public Policy, 3rd edition, Worth Publishers. (Main Textbook)
- Cullis, J., Jones, P. (1998). Public finance and public choice, 2nd ed. Oxford University Press.
- Hindriks, J., Myles, G. (2013). Intermediate public economics, 2nd ed. MIT Press.
- Bagchi (ed.): Readings in public finance. Oxford University Press.
- Stiglitz, J. (2009). Economics of the public sector, 3rd ed. W. W. Norton.

Topic-wise Readings:

Unit 1 Theories of Public Sector and Market Mechanism

Overview of Fiscal Functions, Tools of Normative Analysis, Pareto Efficiency, General Equilibrium Framework and the Social Welfare

- R.A. Musgrave and P.B. Musgrave, Public Finance in Theory and Practice, 5th Edition, Chapter 1
- Stiglitz, J E & Rosengard J K (2015), Economics of the Public Sector, 4th ed, W.W. Norton, Chapter 3 (Market Efficiency).

Unit 2 Market Failure,

Sources of Market Failure; Public Goods; and Externalities.

- Stiglitz, J E & Rosengard J K (2015), Economics of the Public Sector, 4th ed, W.W. Norton, Chapter 4 (Market Failure), Chapter 5 (Public Goods and Publicly Provided Private Goods) and Chapter 6 (Externalities and the Environment).

Unit 3 Theories of Taxation

Product and Factor Tax; Tax Burden; Tax Distortions; and Tax Design

- R.A. Musgrave and P.B. Musgrave, Public Finance in Theory and Practice, 5th Edition, Chapter 12, Chapter 13, Chapter 14 (Only parts A, B and C), Chapter 15 (only parts A and B) and Chapter 16 (only parts A and B).

Unit 4 Working of Fiscal and Monetary Policies

Fiscal Policy; Banking System and Creation of Money; Monetary Instruments and Policies; Fiscal and Monetary Management In Indian Context

- Case and Fair, Principles of Economics, 10th Edition, Chapter 24 (pp. 478-486, 492-494), Chapter 25 (pp. 501-502, 505-510,515-519)
- [Ch 4. Monetary Management and Financial Intermediation \(Pg. 123-137\), Vol 2, Economic Survey 2020-21](#)

Assessment:

1. **Internal Assessment (IA):** 30 marks
 - i. one class test (12 marks),
 - ii. one assignment (12 marks),
 - iii. class attendance (6 marks)
2. **Continuous Assessment (CA):** 40 marks
As per the University guidelines
3. **End-semester (Final) Exam:** 90 marks