

Chanakya National Law University, Patna

Elective Course Title: Populism and Subsidy

Course Overview

The curriculum is designed to enrich the knowledge of the students about the basic, theoretical and practical aspect of subsidy and to provide insight to examine subsidies as a populist or a welfare measure. This elective course is designed to explain whether subsidies have become unsustainable and burdensome particularly in context of India. The increasing burden of various subsidies by policymakers are whether causing fiscal imbalance? The discussion on different types of subsidies offered by the government today is imperative as they have become the issues related with political expediency rather than the issue of economic efficiency and equity.

Learning Outcomes

On completion of the course, students will be able to:

1. Understand the importance and desirability and need of subsidy, their role and impact on public funds, economic consequences on the state's welfare policy.
2. Learn microeconomic analysis of different types of subsidies and its impact on consumers.
3. Gain a comprehensive understanding of how subsidy invites overuse of scarce economic resources while adversely affecting the resources meant for development purposes.

List of Topics/ Modules

Topic/ Module	Contents/ Concepts	Sessions / Lectures
Module I: Introduction to subsidy	<ul style="list-style-type: none">• Meaning, Definition, types and conceptual issues• Microeconomic explanation of subsidy in	1-7

	terms of welfare and consumer satisfaction, Indifference curve analysis and subsidy <ul style="list-style-type: none"> • Price subsidy Vs. cash subsidy • Advantages and Disadvantages 	
Module II: Politics of Subsidies	<ul style="list-style-type: none"> • Arguments of Subsidy Advocates and subsidy opponents in the case of various forms of subsidies like fertilizer, food, fuel etc 	9-14
Module III: Contemporary issues related to subsidy in India	<ul style="list-style-type: none"> • Fiscal Effects 	2

Teaching Pedagogy

TP1.	Lecture Method
TP2.	Discussion Method
TP3.	Case Law Method
TP5.	Group Discussion Method
TP6.	Case Study Method

Evaluation Method

Assignment and Presentation to examine and evaluate the understanding and analytical skill on the subject matter.

Recommended/References and Resources:

- Textbook of Economic Theory - Stonier and Hague; Longman Green and Co., London.
- Introduction to Positive Economics - Richard G. Lipsey
- N. Gregory Mankiw, Economics: Principles and Applications, India edition by South Western, a part of Cengage Learning, Cengage Learning India Private Limited, 4th edition, 2007.

Articles

- ROBINSON, W. C. (1967). WHAT IS A GOVERNMENT SUBSIDY? *National Tax Journal*, 20(1), 86–92. <http://www.jstor.org/stable/41792130>
- Gulati, Ashok, and Anil Sharma. "Subsidy Syndrome in Indian Agriculture." *Economic and Political Weekly* 30, no. 39 (1995): A93–102. <http://www.jstor.org/stable/4403271>.
- "Subsidy." *Fortnight*, no. 43 (1972): 4–5. <http://www.jstor.org/stable/25544169>.
- SHARMA, V. P., & THAKER, H. (2010). Fertiliser Subsidy in India: Who Are the Beneficiaries? *Economic and Political Weekly*, 45(12), 68–76. <http://www.jstor.org/stable/25664254>

- Besley, T., & Kanbur, R. (1988). Food Subsidies and Poverty Alleviation. *The Economic Journal*, 98(392), 701–719. <https://doi.org/10.2307/2233909>
- Sivaram, V., & Harris, J. M. (2016). *Sustaining Fuel Subsidy Reform*. Council on Foreign Relations. <http://www.jstor.org/stable/resrep16759>
- Nat O'Connor. (2017). Three Connections between Rising Economic Inequality and the Rise of Populism. *Irish Studies in International Affairs*, 28, 29–43. <https://doi.org/10.3318/isia.2017.28.5>

Web Resources

https://www.wto.org/english/res_e/booksp_e/anrep_e/wtr06-2b_e.pdf

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Instructor Details

Name of the Instructor:	Dr. Shivani Mohan
Email:	shivanimohan@cnlu.ac.in