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(May/June)

ECONOMICS

(Honours)

(Public Economics)

Marks : 75

Time : 3 hours

*The figures in the margin indicate full marks
for the questions*

Answer **five** questions, taking **one** from each Unit

UNIT—I

1. What is the free rider problem? Explain, with an example, how free riding may lead to an inadequate supply of public goods. What are the possible solutions to this problem?

   3+9+3=15

2. Explain how negative externalities lead to inefficiency in a perfectly competitive market. What steps can a government take to control such externalities?

   10+5=15

UNIT—II

3. What are the features of a good tax system? Briefly explain the various canons of taxation.   5+10=15

4. Explain incidence of a tax according to Dalton. Under partial equilibrium analysis, discuss the incidence of a tax when the elasticity of demand is—

   (a) equal to 1;

   (b) greater than 1;

   (c) less than 1.   3+(4+4+4)=15

UNIT—III

5. Discuss the effects of public expenditure on—

   (a) distribution;

   (b) economic development and growth.   8+7=15

6. Critically discuss Samuelson's Benefit theory of public expenditure.   15

UNIT—IV

7. Discuss the objectives of fiscal policy with reference to a developing economy.   15

8. Explain the concept of balanced budget multiplier with an appropriate example. Show the derivation of the budget multiplier and discuss its effectiveness.   5+10=15

UNIT—V

9. Discuss the various methods of debt redemption. Which method is more appropriate in a developing country like India?   12+3=15

10. Define revenue receipts in a government budget. Analyze the economic and functional classification of budget.   5+10=15

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