

2018

(April)

ECONOMICS

(Honours)

(Public Economics)

Marks : 75

Time : 3 hours

The figures in the margin indicate full marks for the questions

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

UNIT—I

1. What are public goods? Explain the efficiency conditions needed for production of pure public goods. 3+12=15
2. What do you mean by negative externality? To what extent, Pigovian taxes can be used to internalise a negative externality? 5+10=15

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(Turn Over)

(2)

UNIT—II

3. Critically examine the ability to pay approach in taxation. 15
4. Discuss the effects of public expenditure on economic growth. 15

UNIT—III

5. Define fiscal policy. How fiscal policy achieves the macroeconomic objective of price level stability and full employment? 3+12=15
6. Define budgetary deficit. Discuss its implication for the economic development of a country like India. 3+12=15

UNIT—IV

7. What do you mean by public debt? Discuss the effect of public debt on production and distribution. 3+12=15
8. What are the different types of budgets? Explain the process of preparation and passing of the union budget in India. 5+10=15

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