

6/H-16 (viii) (Syllabus-2017)

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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

(2)

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

(3)

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
