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PG Even Semester (CBCS) Exam., May—2018

ECONOMICS

( 2nd Semester )

Course No. : ECOCC-204

( Public Economics )

*Full Marks : 70*

*Pass Marks : 28*

*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. (a) Distinguish between permissive rights and restrictive rights in the content of common property resources. How can they help to overcome the problem of externalities? Examine in the light of the Coase theorem.
- (b) Explain the theory of second-best.
- (3+6)+5=14

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( Turn Over )

2. What are public goods? How is the demand curve for public goods derived? How do the Pareto optimality conditions differ in case of public goods as compared to private goods? Discuss the free rider problem associated with public goods.
- 4+3+2+5=14

UNIT—II

3. (a) What are public choices?
- (b) Under what circumstances does a rational voter choose to vote in favour of a proposal to increase the output of a public good? Why do some voters choose not to vote?
- (c) What are the major determinants of a political equilibrium?
- 3+7+4=14
4. (a) What are the single-peaked preferences?
- (b) What can cause cycling of outcomes under majority rule?
- (c) What is the median voter rule?
- 5+5+4=14

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( Continued )

UNIT—III

5. (a) Distinguish between static and dynamic models of tax incidence. How do taxation of interest income affect the consumption savings behaviour of individuals? Explain in the light of the dynamic model of tax incidence.
- (b) Explain the concept of dead weight loss arising from commodity taxation in competitive markets.  $(3+6)+5=14$
6. (a) Discuss Samuelson's model of public expenditure.
- (b) Examine the relation between public expenditure and economic growth.
- (c) Describe the various methods of redemption of public debt.  $5+5+4=14$

UNIT—IV

7. (a) Discuss the major trends in the revenue and expenditure of the Central Government in recent years in India.
- (b) Distinguish between economic and functional classification of government budget.
- (c) Add a note on zero-based budgeting.  $7+4+3=14$

8. (a) "Goods and Services Tax (GST) is a comprehensive multistage destination-based tax on value addition." Elucidate the above statement.
- (b) Describe the new initiatives taken by the Government of India in the area of the structure of indirect taxation.  $9+5=14$

UNIT—V

9. (a) What is fiscal residuum? Examine the role of inter-governmental grants in solving the inefficiency arising from fiscal residuum.
- (b) State the highlights of the Fourteenth Finance Commission.  $(2+4)+8=14$
10. What do you understand by local finance? What are the major sources of finance for local bodies in India? Outline the steps taken in recent times to improve the fiscal viability of local bodies in India.  $3+5+6=14$

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