2024

(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. Differentiate between public and private goods. Discuss the free-rider problem and its solution. 5+10=15

2. What are the types of externalities? How do positive externalities affect equilibrium and create market failure? 3+12=15

UNIT—II

3. Critically discuss the different canons of taxation. 15

4. "A tax by rule moves a perfectly competitive market economy from a point of efficiency to a point of inefficiency." Critically examine the above statement in the context of partial equilibrium analysis. 15

UNIT—III

5. How does public expenditure affect the growth and development of a country? 15

6. Discuss in detail the Musgrave's Optimum Budget theory. 15

UNIT—IV

7. What do you mean by fiscal policy? How does fiscal policy achieve full employment and price level stability? 2+13=15

8. Define Balanced Budget Multiplier. Show how the budget multiplier is derived. 5+10=15

UNIT—V

9. What are the various sources of public debt? Critically examine the effects of public debt on Indian economy in recent times. 5+10=15

10. Write notes on the following : 5×3=15

    (a) Budget preparation in India

    (b) Revenue and fiscal deficit

    (c) Development and non-development expenditure

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