

2024

ECONOMICS — HONOURS

Paper : CC-13

(Public Economics)

Full Marks : 65

The figures in the margin indicate full marks.

*Candidates are required to give their answers in their own words
as far as practicable.*

Group - A

1. Answer *any ten* questions :

2×10

- (a) State the Characteristics of public goods.
- (b) What do you mean by merit good?
- (c) What do you understand by 'free rider'?
- (d) What is meant by fiscal deficit?
- (e) What is optimum budget?
- (f) Explain the concept of horizontal equity.
- (g) What is meant by benefit principle of taxation?
- (h) Distinguish between direct and indirect taxes.
- (i) What is a Laffer Curve?
- (j) What is an expenditure tax?
- (k) What is double taxation of saving?
- (l) What is meant by matching grant?
- (m) Distinguish between internal and external public debt.
- (n) Define deficit financing.
- (o) What do you mean by negative externality?

Group - B

Answer *any three* questions :

2. Why do externalities cause market failure? 5
3. What are the different cannons of taxation? 5

Please Turn Over

4. Does debt finance burden the future generations? Explain. 5
5. Explain the concepts of vertical and horizontal equity under Ability to pay principle of taxation. 5
6. What do you mean by leakage in context of a grant? How is it linked with efficiency of various kinds of grants? 2+3

Group - C

Answer *any three* questions. 10×3

7. Efficient provision of social goods involves vertical rather than horizontal addition of individual pseudo demand schedules. Explain.
 8. Explain the alternative rules of equal sacrifice principle on the assumption that all individuals have identical and declining marginal utility of income.
 9. What is a balanced budget multiplier? Explain the situations when it is not equal to one.
 10. Compare the effects of a proportional income tax and equal yield progressive income tax on the work incentive of a typical worker.
 11. Show how the usual Pareto optimality condition will be revised in a two person economy with one private good and one public good and a concave production possibilities frontier.
-