2019

B.Sc. (Honours)

5th Semester Examination

ECONOMICS

Paper - C12T

[Public Economics]

Full Marks : 60   Time : 3 Hours

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

Answer any *ten* questions from the following.

10×2=20

1. (a) Write down two important features of a public good.

   (b) What is meant by horizontal and vertical equity ?

   (c) Write down the full forms of CENGST.

[Turn Over]

(d) Define Marginal Externality Cost in case of environmental pollution.

(e) Differentiate Social Benefit from Private Benefit of a public good.

(f) Explain whether a Crowded Overbridge is a public good ?

(g) Give two examples of public bad.

(h) If an income tax of T_0 imposed upon a household, what will happen to its consumption and savings decisions ?

(i) Distinguish internal borrowing from external borrowing.

(j) Write two causes of market failure regarding pure public goods.

(k) What do you mean by indirect tax ? Give two examples of indirect tax.

(l) Write two external sources of public borrowing in India.

(m) What do you mean by Laffer Curve ?

(n) What is the difference between tax evasion and tax avoidance ?

(o) What do you mean by fiscal deficit ?

(3)

Group - B

Answer any *four* questions briefly.   4×5=20

2. (a) Describe how pricing of a private good and a public good is done with the help of any standard model of public good pricing.

   (b) Name three sources of positive externality and three sources of negative externality and give reasons behind them.

   (c) Explain the effects of income tax upon work incentives under different conditions of work-leisure preference.

   (d) Mentioning the conditions describe how Ronald Coase offered non-market solutions to the problem of negative externality.

   (e) Explain the effect of income tax on work effort through indifference curve analysis.

   (f) The ability to pay principle implies progressive taxation — Explain.

   (g) Discuss the various canons of taxation.

   (h) Explain how the incidence of the unit tax depends upon the elasticity of demand.

[Turn Over]

Group - C

Answer any *two* questions :   2×10=20

3. (a) Define Incidence of Taxation. Explain how imposition of a unit tax upon the goods produced under a perfectly competitive structure leads to distortion into the society.   2+8

   (b) What do you mean by a balanced budget ? Prove that balanced budget multiplier can be one under a simplistic economic model.   2+8

   (c) Discuss how the imposition of lumpsum tax and income tax will influence income through multiplier effect. In this regard also explain how the function of the tax multiplier differs from Government expenditure multiplier.   3+4+3

   (d) What is Fiscal Federalism ? Critically discuss the nature of fiscal fedaralism in India.   2+8

———