

2022

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) Explain what you mean by a good being excludable and rival in consumption.
 - (b) What is meant by a merit good?
 - (c) Explain what is meant by the term 'free rider'.
 - (d) Why do the government intervene in a market economy for the provision of subsidy to primary schools?
 - (e) What do you mean by national and local public goods? Explain by giving examples.
 - (f) Explain briefly the concept of horizontal and vertical equity under ability to pay principle.
 - (g) What is meant by the benefit principle of taxation?
 - (h) Name two instruments of economic stabilisation.
 - (i) Distinguish between internal and external public debt.
 - (j) What is revenue account of a budget?
 - (k) Differentiate between fiscal deficit and revenue deficit.
 - (l) On what basis should a government choose between loans and taxes?
 - (m) What do you mean by a matching grant?
 - (n) Mention two sources each of tax revenue and non-tax revenue of the government.
 - (o) Mention two problems of taxing capital gain.

Group - B

Answer **any three** questions.

5×3

- 2. Define a public good. What are the basic reasons for market failure in provision of public goods?
- 3. What are the different canons of taxation?

Please Turn Over

4. Does debt finance burden future generations? Explain.
5. On what factors do the sharing of the burden of tax between the buyers and sellers depend in a competitive market?
6. What do you mean by a Balanced Budget Multiplier? Under what conditions the value of it is more than one?

Group - C

Answer *any three* questions.

7. Explain the alternative rules of equal sacrifice principle on the assumption that all individuals have identical and declining marginal utility of income. 10
 8. Clearly show and explain the position of Lindahl equilibrium. Discuss the properties of this equilibrium. 6+4
 9. 'An indirect tax imposes an excess burden compared to a direct tax of equal yield.' Do you agree with this view? Give reasons for your answer. 2+8
 10. Analyse the distribution of the burden of a proportional wage tax between labour and capital : (a) when the aggregate supply curve is perfectly inelastic and (b) when it is an increasing function of net wage rate. 5+5
 11. With reference to the recommendations of the Fourteenth Finance Commission comment on the
(a) Vertical and Horizontal devolution of tax proceeds between the centre and the states.
(b) Grants-in-aid. 6+4
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