M.A. (PREVIOUS) EXAMINATION 2016 HELD IN 2017

ECONOMICS (PAPER II)

PUBLIC FINANCE

Time: 3 hours   Max Marks: 100

Instructions:

(i) Attempt any FIVE questions

(ii) All questions carry equal marks

Q1   Discuss the role of fiscal policy as an instrument for allocation, distribution and stabilization of economic activity in a market economy.

Q2   Define and explain the concept of Pareto optimality. What Pareto optimality conditions need to be satisfied by an economy to be efficient and equitable?

Q3   Explain the difference between public goods, club goods and merit goods. Design and explain the efficiency conditions for the provision of public goods.

Q4   What are externalities? Analyse and compare these solutions to the externality problem. Which solution do you thing is most efficient and why?

Q5   What is tax incidence? What factors determine the incidence of a unit tax? Derive the formula for the social welfare loss due to the tax when the marginal cost is rising and explain its implications.

Q6   What are proportional, progressive and regressive income tax rate structures? How does each relate to equity and the ability to pay?

Q7   Analyse and compare the efficiency and aquatic characteristics of a proportional and a progressive income tax on labour supply.

Q8   Write short notes on the following

        (i) Methods of public sector project evaluation

        (ii) Implications of alternate strategies of deficit financing