

2023

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) What do you mean by progressive taxation?
- (b) What are mixed goods?
- (c) State the Coase theorem.
- (d) What do you mean by budget deficit?
- (e) What is vertical equity?
- (f) Write two features of a good tax system.
- (g) Distinguish between the incidence of tax and the burden of tax.
- (h) What is the value of 'balanced budget' multiplier?
- (i) What is the objective of the benefit principle?
- (j) What do you mean by the excess burden of indirect tax?
- (k) What is short-term capital gain?
- (l) What do you mean by deficit financing?
- (m) What is Ricardian equivalence?
- (n) What do you understand by fiscal federalism?
- (o) What do you mean by the capital account of Government expenditure?

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Group - B

Answer *any three* questions.

5×3

2. Explain the reasons for market failure in case of social goods.
3. What are the three functions of budgetary policy?

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4. Graphically explain the condition for equilibrium in the Lindahl Model.
5. Briefly give the rationale for decentralization of government's economic activities.
6. What are the effects of income tax on the work effort of an individual?

Group - C

Answer *any three* questions.

7. Compare the effects of a unit tax with those of an equal yield ad-valorem tax on equilibrium price and output under situations of Perfect competition. 10
8. Derive the fiscal multiplier due to a change in government expenditure in the case of (a) Lump sum tax, (b) Income tax. 5+5
9. Distinguish between internal borrowings and external borrowings. Explain the Ricardian view of public debt. 4+6
10. Critically explain the voting equilibrium with its properties. 10
11. What is the Pareto optimality condition in a two-good model with a pure private good and a public good? 10

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