

2020

ECONOMICS

(Major)

Course : 402

(Public Economics—Theoretical Issues)

Full Marks : 80
Pass Marks : 32/24

Time : 3 hours

*The figures in the margin indicate full marks
for the questions*

1. Choose the correct option/Answer the following : 1×8=8

(a) The condition for maximum social advantage is

(i) Marginal social benefit = Marginal social sacrifice

- (ii) Marginal social benefit from expenditure $A =$ Marginal social benefit from expenditure B
- (iii) Marginal sacrifice of tax payer $A =$ Marginal sacrifice of tax payer B
- (iv) None of the above
- (b) Give one example of club good.
- (c) Which of the following is a merit good?
- (i) National highways
- (ii) Educational services
- (iii) Defence
- (iv) Protection of law and order

(d) The GST system currently has four slabs of

(i) 5%, 12%, 18% and 28%

(ii) 2%, 5%, 12% and 18%

(iii) 5%, 10%, 15% and 20%

(iv) 5%, 12%, 18% and 30%

(e) Which of the following is the way of control of public expenditure?

(i) Budgetary control

(ii) Legislative control

(iii) Pay-as-you-go policy

(iv) All of the above

(f) Wagner's law of public expenditure is related with

(i) increasing State activities

(ii) pattern of public expenditure

(iii) limit of public expenditure

(iv) None of the above

(g) Define impact of taxation.

(h) Mention one form of public enterprises.

2. Write short notes on any *four* of the following
(**within 150 words** each) : 4×4=16

(a) Public goods vs. Private goods

(b) Taxable capacity

(c) The critical limit hypothesis

(d) Debt management policy

(e) Public utilities

Answer the following questions (**within 500 words** each) :

3. (a) What do you understand by public finance? Explain the role and significance of public finance in the economic development of a country.

2+9=11

Or

- (b) What do you mean by market economy? Explain the roles of public sector in a market economy.

2+9=11

4. (a) What do you mean by public revenue? Describe the various sources of public revenue.

2+9=11

Or

- (b) Distinguish between Impact and Incidence of taxation. Critically examine the modern theory of shifting of taxation.

4+7=11

5. (a) What do you mean by public expenditure? Briefly explain the Wagner's hypothesis and Colin Clark's hypothesis of public expenditure.

2+6+3=11

Or

- (b) What is public expenditure? Why is the control of public expenditure necessary? Explain the various ways of control of public expenditure.

1+1+9=11

6. (a) What is public debt? Explain the various sources of public debt. 2+9=11

Or

- (b) What is burden of public debt? Explain the various methods of debt redemption.

2+9=11

(7)

7. (a) What do you mean by public enterprises? Explain the various forms of public enterprises. 2+10=12

Or

- (b) What do you mean by public enterprises? Explain the various pricing policies of public enterprises. 2+10=12
