

MASTER OF ARTS (ECONOMICS)

Term-End Examination

December, 2007

MEC-006 : PUBLIC ECONOMICS

Time : 3 hours

Maximum Marks : 100

Note : *Attempt questions from each section as directed.*

SECTION A

*Attempt any **two** questions from this section.*

(Answer in about 500 words each)

2×20

- 1.** Distinguish between merit good and public good along with examples. Discuss the models of provisioning of public goods and merit goods.
- 2.** What do you understand by policy coordination ? Explain the basic problems of policy coordination in the international context and the methods to resolve them.
- 3.** What do you mean by public choice ? Do you think that public policy in a democratic country is based on public choice ? Explain.
- 4.** Does privatisation necessarily increase economic efficiency ? Critically discuss.

SECTION B

Attempt any **four** questions from this section.

(Answer in about 250 words each)

4×12

5. Why should redistribution of income and wealth continue to be an agenda of the government ? Give arguments in support of your answer.
6. What is the median voter theorem ? Explain through a model how median voter wins.
7. Explain the idea behind the pure theory of public expenditure and discuss one of the pricing models of public goods.
8. Explain different views regarding public debt. Why did classical economists oppose public debt ?
9. Why is the lumpsum tax least distortionary ? Explain.
10. Why cannot the stabilization function be given to sub-central authorities ? Analyse the reasons.

SECTION C

Attempt any **two** questions from this section.

(Answer in about 100 words each)

2×6

11. Discuss any **two** of the following :

- (i) Deadweight loss
- (ii) Recent reforms in direct taxes in India
- (iii) Linear and Non-linear income taxation

12. Write short notes on any **two** of the following :

- (i) Positive and negative externalities
- (ii) Inverse elasticity rule
- (iii) Laffer's curve

13. Distinguish between :

- (i) Horizontal and Vertical equity
- (ii) Proportional and Progressive taxes