Attach the question paper with the answer booklet

Date : -4-21

**St. JOSEPH’S COLLEGE (AUTONOMOUS), BANGALORE-27**

**M.A. ECONOMICS – II SEMESTER**

**SEMESTER EXAMINATION – APRIL 2021**

**EC 8216 – Public Economics and Finance**

**Time: 2hrs 30 min. Maximum marks: 70**

**This question paper has ONE printed page and THREE parts**

**Part A**

**Answer any TEN of the following 2x10=20**

1. Define market failure.
2. Distinguish between private goods and public goods.
3. Give an example of free rider in the context of public economics.
4. What is Tiebout hypothesis?
5. Define club goods.
6. Discuss the canons of taxation.
7. Distinguish between revenue and capital expenditure.
8. What are the sources of public borrowing of Government of India?
9. Define fiscal deficit.
10. Conceptualise the idea of fiscal federalism.
11. What is zero-base budgeting?
12. Define horizontal and vertical imbalances in public finance.

**Part B**

**Answer any TWO of the following 10x2=20**

1. Let there be two identical consumers. What would be the share of the cost each should pay for a public good at the Lindahl equilibrium?
2. Write a note on project evaluation using the Cost Benefit Analysis technique.
3. Discuss the balanced budget multiplier using suitable example.

**Part C**

**Answer any TWO of the following 15x2=30**

1. Discuss the condition of efficient provision of public good with a private good.
2. Explain Wagner’s law of increasing state activity. Using this law analyse the trends in growth of public expenditure in India.
3. Distinguish between internal and external public debt. Discuss the issue of public debt in the light of recent Indian bank recapitalisation.

**EC 8216-A-18**