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Register Number:

DATE: 12-04-2017

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

**M.A ECONOMICS – II SEMESTER**

**SEMESTER EXAMINATION – APRIL 2017**

**EC 8216 – Public Economics and Finance**

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

**This question paper has TWO printed pages and THREE parts**

**Part A. Answer any TEN of the following: 2x10=20**

1. Define production externality.
2. What are the characteristics of private goods?
3. State the problem of free-riding in the context of public good provision.
4. State the Pareto optimal condition for the combination of public-private goods.
5. What is the rationale of Lindahl process?
6. Define club goods.
7. State two assumptions of Tiebout hypothesis.
8. Define non-excludability of public goods.
9. What is the importance of cost benefit analysis?
10. Distinguish between impact and incidence of taxation.
11. Write a short note on FRBM Act.
12. Define primary deficit and budget deficit.

**Part B: Answer any TWO of the following 10x2= 20**

1. Derive the aggregate demand for public goods and private goods. Using suitable diagram explain the Pareto optimal condition in a two-commodity public-private framework.
2. Do you think that regulation is better than taxation? Give reason.
3. Discuss the effects on public expenditure on production, consumption and distribution.

**Part C: Answer any TWO of the following 15X2= 30**

1. What is the rationale for Clarke tax? Using suitable diagram explain the mechanism of imposition of Clarke tax.
2. Using suitable diagram show the effect of imposition of ad-valorem tax, unit specific tax on equilibrium price-output under monopoly.
3. Write an essay on Center-State financial relationship in India. Discuss the major recommendations of 14th Finance commission.

**EC-8216-B-17**