14 (ECO–3) 3026

2023

ECONOMICS

Paper : ECO–3026

(Public Finance)

Full Marks : 80

Time : Three hours

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

1. Answer the following within **50** words each :
    5×4=20

    (a) How is the welfare cost of inefficient output measured ?

    (b) How is aggregate demand curve for public good derived from individual demand curves ?

    (c) Can fixed quantity subsidy for marketed goods lead to overconsumption ? Explain.

(d) Differentiate between tax exemption and tax deduction.

2. Answer *any three* within **150** words each :
                                                              10×3=30

   (a) Discuss different criteria of policy evaluation and also explain the trade-offs among the criteria.   7+3=10

   (b) Explain how the goods bearing non-rivalness in consumption can be provided voluntarily in markets via clubs. Is there any necessity of government intervention in case of such goods ?   8+2=10

   (c) "Under the Median Voter Model, median voter is the only voter fully satisfied."—Explain.

   (d) Discuss the rationale of public expenditure on retirement security. Explain the issue of equity *vs* adequacy related to provision of retirement benefits.   6+4=10

   (e) Discuss the instruments of inter-government resource transfer.

3. Answer **any two** of the following :

15×2=30

(a) Discuss the inefficiencies arising from externalities. How these can be corrected ? 8+7=15

(b) Discuss the role of Goods and Services Tax (GST) in Indian tax system.

(c) Discuss the structure of public budget. Explain the concept of budget deficits. 9+6=15

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