

2018
ECONOMICS
ECO: 3.4
PUBLIC FINANCE
Full Marks: 80
Time: 3 Hours

The figures in the margin indicates full marks for the questions :

- 1. Answer the following questions (within 50 words) 2 x 4 =8**
- (a) What is a merit good?
 - (b) What is tax ratio and why it is significant?
 - (c) What is state budget?
 - (d) What is forward shifting of tax burden?
- 2. Answer the following questions (within 100 words) 5x4=20**
- (a) Mention two characteristics of a pure public good. Give one example of a pure public good and one example of an impure public good and one example of a private good.
 - (b) Distinguish between revenue deficit and fiscal deficit
 - (c) What is balance budget multiplier?
 - (d) Distinguish between as you go and pay as you use.
- 3. Answer any two from the following 10 x 2 =20**
- (a) Discuss the theory of Clubs.
 - (b) Show the impact of public expenditure on non-marketed goods.
 - (c) Discuss the Neo Classical theory of incidence and shifting of tax.
 - (d) Analyse the structure of a public budget
- 4. Answer the following questions 16 x 2 =32**
- (a) Discuss the allocation, distribution and stabilisation functions of a government in an economy.

Or

Critically discuss Musgrave's optimum budget theory.

(b) Critically discuss the benefit principle of taxation.

Or

Distinguish between monetary policy and fiscal policy. Discuss the role of public finance in controlling inflation and recession.
