

2015
ECONOMICS
Paper : 3.4

PUBLIC FINANCE

Full Marks : 80

Time : 3 hours

The figures in the margin indicate full marks for the questions

- 1) Answer the following questions: (within 50 words) 2x4=8
 - a) What is budgeting?
 - b) What is the meaning of negative externality?
 - d) Define tax ratio.
 - e) What is bouncy of taxation?

- 2) Answer the following question (within 100 words) 5x4=20
 - a) Explain the concept of 'free rider' in the domain of public finance.
 - b) What is 'pump priming' and when is it under taken?
2+3=5
 - c) Distinguish between absolute and relative taxable capacity.
 - d) Distinguish between public and private good.

3) Answer any two of the following of the following questions: 10x2= 20

- a) Explain the 'crowding out' effect in the presence of deficit financing.
- b) Distinguish between Zero based budgeting and incremental budgeting.
- c) Critically discuss Musgrave optimum budget theory.
- d) Pay as you use and pay as you go finance.

4) Answer the following questions 16x2= 32

- a) Critically explain Coase's analysis on Voluntary bargaining in Small Groups.

OR

Explain how externalities results in market inefficiency.

Discuss the various corrective measures adopted to counter them 6+10=16

- b) Critically discuss the benefit principle of taxation.

OR

What do you mean by burden of public debt? Discuss in detail the effects of public debt.