M.A. Examination, 2017
Semester-IV
Economics
Course-XV (Special) (Group-B)
(Public Economics)

Time: 3 Hours **Full Marks: 40**

Questions are of value as indicated in the margin.

Answer ***any four*** from the following.

1. (a) Define a volunteer type public good with an example.
   (b) Who volunteers to provide the public good?
   (c) Why is free riding efficient in case of a volunteer type public good?
   (d) How does increase in the size of the population affect the likelihood of supply of volunteer type public good? 2+2+2+4=10
2. (a) What is the relation between Single-peaked preferences and stability in majority voting equilibrium?
   (b) Show how multi-peaked preferences give rise to voting cycle.
   (c) "Public spending determined by a median voter pleases only the median voter"– Does this statement suggest that the median voter is dictating public choice? Can the choice by the median voter be efficient? 3+3+4=10
3. (a) How is Coasean approach is different from Pigouvian approach?
   (b) Show the scope for a Coasean bargain by diagrams.
   (c) Discus briefly the limitations of Coase Theorem. 2+5+3=10
4. How does Pigouvian Tax and Subsidy system helps to contain negative production externalities? 5+5=10
5. (a) Define excess burden of taxation with diagram.
   (b) How do you measure excess burden of an income tax?
   (c) How are excess burden and the rate of tax related?
   (d) When does an income tax involve no excess burden? 2+4+2+2=10
6. (a) What is the Ramsey Rule for efficient Commodity Taxations.
   (b) How is the rule derived?
   (c) Do you think Ramsey rule is progressive? Explain why. 2+5+3=10
7. Critically argue in favour of a Centralised form of government on the basis of stabilization, allocation and distribution function it performs. 10
8. Show by a local income and payments model that fiscal policy may not be at all effective to stabilize a small open economy. 10