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

Register Number:

DATE:

 **MA ECONOMICS – II SEMESTER**

 **SEMESTER EXAMINATION – APRIL 2018**

**EC 8216- Public Economics and Finance**

**Time: 2 and half hrs. Maximum marks: 70**

**This question paper has 1 printed page and 3 parts**

**PART A**

**Answer any TEN of the following 2x10=20**

1. Define public finance.
2. With a labeled diagram discuss the derivation of market demand curve for a public good.
3. State the assumptions of Tiebout Hypothesis.
4. What are merit goods? Give examples.
5. State the median voter hypothesis.
6. Define social discount rate.
7. Distinguish between tax evasion and tax avoidance.
8. Write a brief note on crowding out effect of public debt.
9. How can budget deficits be financed?
10. Distinguish between programme budgeting and zero based budgeting.
11. Define fiscal federalism.
12. List any two obligatory functions of the urban local governments.

**PART B**

**Answer any TWO of the following 10x2=20**

1. Explain the effects of public expenditure on production, distribution and stabilisation.
2. Write a note on GST and its impact on the Indian Economy.
3. Examine the Centre and state financial relationship in India.

**PART C**

**Answer any TWO of the following 15x2=30**

1. Describe the concept of externalities, its characteristics and its types. Examine the public sector solution to the externality problem.
2. Discuss the ability to pay and benefit approaches of taxation. Explain the trends of tax revenue in India.
3. Define Fiscal policy. What are the instruments of Fiscal policy? Examine the role of fiscal policy in a developing country.