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

Register Number:

DATE:11-04-2018 ( 1pm )

**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. Why should the government involve in the provision of education?
2. What are local public goods? Give examples.
3. What is Clarke tax?
4. State the assumptions of Arrow’s impossibility theorem.
5. What are rent seeking activities? Give examples.
6. Briefly explain the displacement effect of Wiseman Peacock Hypothesis.
7. Define internal rate of return.
8. Write a brief note on the burden of public debt.
9. Distinguish between tax buoyancy and tax elasticity.
10. Write a note on FRBM Act.
11. State any three arguments in favour of decentralization.
12. List any two obligatory functions of the rural local governments.

**PART B**

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

1. Discuss the problem of cycling in majority voting and explain the ‘Median Voter Theorem’.
2. Write a note on project evaluation using the Cost Benefit Analysis technique.
3. Explain the benefit and ability to pay approaches of taxation.

**PART C**

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

1. Prove that Lindhal process of public good provision is Pareto efficient.
2. State and explain Wagner’s law of public expenditure. Using this law explain the trends in growth of public expenditure in India.
3. Explain the role of finance commission in Indian Federal structure. Examine the recommendations of the 14th finance commission.

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