

2025

ECONOMICS — HONOURS

Paper : CC-13
(Public Economics)

Full Marks : 65

The figures in the margin indicate full marks.

*Candidates are required to give their answers in their own words
as far as practicable.*

Group - A

1. Answer **any ten** questions :

2×10

- (a) Distinguish between national public goods and local public goods.
- (b) What do you understand by progressive taxation?
- (c) What do you understand by excess burden of indirect tax?
- (d) What is meant by double taxation of savings?
- (e) Mention two sources of non-tax revenue.
- (f) What is Ricardian Equivalence?
- (g) Explain what is meant by a good being excludable and rival in consumption.
- (h) What is capital account of a budget?
- (i) What do you mean by regressive taxation?
- (j) What is ad valorem tax?
- (k) Write two canons of taxation of Adam Smith.
- (l) Give two reasons of market failure.
- (m) What do you mean by deficit financing?
- (n) What are mixed goods?
- (o) What do you understand by fiscal federalism?

Group - B

Answer **any three** questions.

2. Graphically explain the condition for equilibrium in the Lindahl Model.

5

3. Does equal sacrifice principle call for progressive taxation? Explain.

5

Please Turn Over

4. Derive the fiscal multiplier due to change in government expenditure in case of
 (a) Lump sum tax
 (b) Income tax. 2½+2½

5. Briefly give the rationale of decentralization of government's economic activities. 5

6. Distinguish between revenue deficit and budgetary deficit in Government Budget. 5

Group - CAnswer *any three* questions.

10×3

7. Describe the main economic functions of the government.

8. What is the Pareto optimality condition in a two-good model with a pure private good and a public good?

9. Critically explain the voting equilibrium with its properties.

10. 'An indirect tax imposes an excess burden compared to a direct tax of equal yield.' Do you agree with this view? Give reasons for your answer.

11. Does public debt create a burden on future generation?