Register Number:

DATE:

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

**MA ECONOMICS- II SEMESTER**

**SEMESTER EXAM: APRIL 2020**

**EC8218: PUBLIC ECONOMICS AND FINANCE**

**Time :2 1/2hours Max Marks-70**

**This paper contains 1 printed page and three parts**

**PART A: Answer any FIVE of the following 2X5=10**

1. What are the different categories of public goods? Give examples for each category.
2. Define the following concepts – revenue account, capital account
3. What are canons of taxation as explained by Adam Smith?
4. What is Arrows Impossibility Theorem?
5. State Wiseman-Peacock hypothesis on public expenditure.
6. Why is Goods and Services Tax considered superior to Value added tax?
7. What is fiscal federalism?

**PART B: Answer any THREE of the following 10X3=30**

1. Explain Ability to pay approach and Benefit approach of taxation.
2. Explain Wagner’s law of increasing state activity.
3. What is externality and give solutions to tackle externality problem?
4. Discuss Tiebout model and its drawbacks.
5. Briefly explain horizontal and vertical imbalance and discuss measures to rectify them.

**PART C: Answers any TWO of the following 15X2=30**

1. Show that Lindhal equilibrium of public goods is Pareto optimal with suitable proof and diagram.
2. Explain the effects of fiscal policy on an underdeveloped economy.
3. Explain the criteria for evaluation of public expenditure.