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Register Number:

DATE:

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

**M.A. ECONOMICS- II SEMESTER**

**SEMESTER EXAMINATION: APRIL 2019**

**EC 8218: Public Economics and Finance**

**Time: 2.5 Hours Maximum Marks-70**

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

**Part A. Answer any five of the following: 2 X 5=10**

1. For each of the following examples identify the kind of externality -(i) smoking by individuals in a crowd (ii) toxic waste production by firms; (iii) research and development by a high -tech firm; and (iv) individual vaccination against communicable illness.
2. What are club goods?
3. Distinguish between impact and incidence of a tax.
4. What is shadow pricing in the context of cost benefit analysis?
5. Explain the concept of inter-generational burden of public debt.
6. State any two arguments in favour of decentralisation.
7. Distinguish between vertical and horizontal fiscal imbalance.

**Part B. Answer any three of the following: 10 X 3 =30**

1. Explain Lindhal process of public good provision.
2. Explain the Tiebout model. State any three assumptions of this model.
3. Explain any three techniques of investment appraisal for public sector projects.
4. Discuss Wagner’s law of public expenditure. Examine the trends of public expenditure in India post 1991.
5. Briefly explain the structure of GST in India. Examine its effect on Indian federalism.

**Part C. Answer any two of the following: 15 X 2 =30**

1. Explain the different kinds of externalities. Compare and contrast between different government solutions to a negative externality problem.
2. Discuss the role of fiscal policy in a developing country.
3. Examine the role of finance commission in Indian federal finance. Discuss the major recommendations of Fourteenth Finance Commission.