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| **ST. JOSEPH’S COLLEGE (AUTONOMOUS), BANGALORE-27** |
| **B.Sc. ECONOMICS – VI SEMESTER** |
| **SPECIAL SUPPLEMENTARY EXAMINATION: MAY 2017** |
| **ECS 6316 - Public Economics** |
| **Time- 3 hrs.** |  |  **Max Marks-100** |  |
| **This paper contains ONE printed page and THREE parts** |

**PART A Answer any TEN of the following 3x10=30**

1. Explain the concept of x-inefficiency.
2. ‘‘Smoke from a factory dirties the local housing and poisons crops.’’ Identify the nature of the externalities in this statement and explain using a diagram.
3. How does sunk cost act as barrier to entry to an industry?
4. What are the characteristics of public goods?
5. Write a short note on Herfindhal index.
6. What do you understand by crowding out effect?
7. Distinguish between transfer and non-transfer expenditure.
8. Explain the concept of inspection effect.
9. State the three canons of taxation.
10. Write a note on VAT.
11. Explain how indirect taxes can be regressive in nature
12. Distinguish between fiscal deficit and primary deficit.

**PART B Answer any FIVE of the following 5x5=25**

1. Discuss how public goods lead to market failure.
2. Explain Buchanan’s theory of clubs.
3. State and explain Wagner’s law of increasing state activity.
4. Explain the composition and growth of public debt in India.
5. Discuss the effect of taxation on the economy on consumption and distribution.
6. Distinguish between the programme budgeting and zero based budgeting techniques.
7. Briefly discuss the functions of Finance Commission.

 **PART C Answer any THREE of the following 15x3=45**

1. Derive the general equilibrium model for public goods and obtain the Pareto efficiency criteria.
2. Discuss the modern theory of shifting of tax burden .What are the factors that determine the incidence of a tax?
3. Discuss the effects of public expenditure on production, distribution and consumption.
4. Give an overview of the union budget of 2017-18.
5. Discuss the concept of fiscal federalism with special reference to India. Explain the various challenges to fiscal federalism in India.

ECS-6316-B-17