

4. a) Explain the Government mechanisms for adjusting of externalities

**OR**

- b) Analyse a suitable public-policy for a developing country like India

5. a) Discuss the features and problems of direct taxes in India

**OR**

- b) Explain the Pigon and Ramsey model of optimal taxation

6. a) Explain the various methods of public debt redemption in India

**OR**

- b) Discuss the efficacy of fiscal policy in promoting growth with equity in the context of Indian Economic Development

[31/II Y/211]

[Aug-11]

[APDEC-203]

**M.A. DEGREE EXAMINATION**

**Economics**

**II Year**

**PUBLIC ECONOMICS**

(Effective from the admitted batch 2009-10)

**Time: 3 Hours**

**Max.Marks: 70**

**Instructions:** All parts of the unit must be answered in one place only.  
Figures in the right hand margin indicate marks allotted.

**SECTION-A**

1. Answer any **Four** of the following (4x5=20)

- a) Scope of public economics
- b) Mixed economic system
- c) Theory of public choice
- d) Functions of public policy
- e) Importance of commodity taxes
- f) Sources of Internal debt
- g) Classical view of fiscal policy

**SECTION-B**

Answer all questions: (5x10=50)

2. a) Explain the Welfare Foundations of cost-benefit analysis

**OR**

- b) What are the difficulties of majority voting? How will you solve the problem of paradox of cycling?

3. a) Examine the Samuleson theory of allocation of public goods. Does it lead to maximization of social welfare? Discuss

**OR**

- b) What is normative approach to optimal budget?