

BACHELOR OF ARTS EXAMINATION, 2023

(3rd Year, 1st Semester, Supplementary)

ECONOMICS

PUBLIC ECONOMICS

Time : Two Hours

Full Marks : 30

Answer any two questions

15 x 2= 30

1. a. Identify the impact of mid-day meal scheme on economic agents.
b. Which of the following are public goods? Explain why.
 - (i) National defence
 - (ii) River water
 - (iii) National library
 - (iv) National highway

5+(2.5x4)=15
- c. Does equal marginal sacrifice principle necessarily lead to a progressive tax structure?
2. Impose following restrictions on marginal utility of leisure and marginal utility of income to show the effect of proportional income tax on whether work effort will increase decrease or remain unchanged. The restrictions are
 - a. Marginal utility of both income and leisure are constant.
 - b. Marginal utility of leisure is constant but that of income is decreasing.
 - c. Marginal utility of income is constant but that of leisure is decreasing.
 - d. Marginal utility of both leisure and income are decreasing.

5+4+4+3=15
3. a. Discuss the role of Coase theorem when market fails to allocate resources efficiently in the presence of negative externality in production. Discuss your answer with the help of a suitable example.
b. Suppose consumer derive utility from the consumption of public good (G) and private good (X). Derive Samuelson rule of efficiency in this case.
c. Discuss the main recommendations of the 15th finance commissions.

5+7+3=15