

**Model Questions for P.G. in Economics (2013-14 Admn Batch)**

**Principles of Public Finance and Fiscal Policy (P-II)**

**Full Marks-70**

**Time – 3 Hours**

**SECTION - A**

**Answer any Three**

**(12×3=36)**

1. What do you mean by externality? Discuss how externalities lead to market failure.
2. Critically examine Wagner's law of increasing state activity.
3. Differentiate between Ability-to-Pay approach and Voluntary exchange theory of Public expenditure.
4. What is tax shifting? Discuss Musgrave's view on tax shifting.
5. Analyse the impact of Deficit Budget on Indian economy. Is Balanced Budget a better option? Justify.
6. Critically examine the principles of transfer of resources from Centre to the State in India.

**SECTION - B**

**Answer any Three**

**(8×3=24)**

7. Briefly discuss the role of Govt. mechanism in optimal allocation of resources.
8. Taxation is considered as an instrument of socio-economic change. Explain.
9. Is Fiscal Policy sufficient for price stabilization? Justify your answer.
10. Briefly explain the effects of Public Expenditure.
11. Budget is an instrument of Economic Policy. Comment
12. Discuss various methods for redemption of public debt.

**SECTION - C**

**13. Write short notes on any Two**

**(5×2=10)**

- (a) Negative Externality
- (b) Incidence of Tax
- (c) Programme Budgeting
- (d) Pump-priming