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E+G

SEAT No. _____

No. of Printed Pages : 2

SARDAR PATEL UNIVERSITY
MA Economics: Semester-III (Third)

Day: Wednesday

Date: 24/10/2018

Time: 02:00 p.m. to 05:00 p.m.

Code and Subject: PA03CECO22- Public Economics

All questions carry equal marks

Total Marks: 70

- Q 1. (A) Describe the failures of the market mechanism in detail. How does the State try to protect the economy from these failures?

OR

- Q 1. (B) What are public goods? Why is the preference for public goods not revealed? What is the solution for this problem?

- Q 2. (A) In what way is the market mechanism similar to the political process? Explain the 'political business cycle'.

OR

- Q 2. (B) What are negative externalities? What solution is given to Pigou in order to mitigate them?

- Q 3. (A) Explain the working of the stabilization policy with respect to general price level, interest rate, exchange rate of currency and economic growth rate with the help of suitable examples.

OR

- Q 3. (B) What is the difference between 'distribution' and 'redistribution'? Does 'equity' belong in Economics? Why?

- Q 4. (A) What is the difference between 'ability to pay' and 'taxable capacity'? Explain the indicators of 'ability to pay' in detail.

OR

- Q 4. (B) Explain with suitable examples, the real and monetary burden of tax. What is the effect of taxation on producers and consumers?

(1)

P. T. O.