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Your Roll No.....

2249

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**M.A. Winter Semester**

**ECONOMICS**

Course 601 – Public Economics – I

(Admissions of 1999 and onwards)

Time : 2-1/2 hours

Maximum Marks : 70

(Write your Roll No. on the top of immediately on receipt of this question paper).

**Answer all questions. All questions carry equal marks.**

1. Critically outline some of the core principles of the normative theories of the state. Examine their relevance while examining the problem of income distribution.

Or

Define public goods. Using a suitable model deduce the conditions that characterize efficient resource allocation in the context of public goods. Can the market mechanism be relied upon to ensure efficiency? Explain carefully

2. Describe a real-life situation of corruption in a rural development or social welfare programme, and briefly discuss some steps that could be taken to deal with the problem in the light of economic theory.

3. 'The presence of externalities will always result in inefficient allocation of resources'. Do you agree with this statement? Carefully elaborate your answer in the light of the contributions in this area due to Pigou and Coase. Which of the two approaches would you favour and why?

Or

Using a suitable model, show that the problem of externalities can at least theoretically be handled by the device of 'creating markets' in the manner suggested by Arrow. In your view how practical is this approach? Discuss critically.

4. Using an appropriate model deduce the structure of optimal commodity taxes. Under what conditions would it be desirable to have uniform taxes? Explain carefully.