

Unique Paper Code : 12275403\_OC  
Name of the Paper : Public Finance  
Name of the Course : B.A.(Hons) Economics-CBCS-Generic Elective  
Semester : IV

Duration: 3 Hours

Maximum Marks: 75

Instructions for Candidates

1. Write your Roll No. on the top immediately on receipt of this question paper.
2. The question paper is divided into two parts. Attempt *four* questions in all, selecting *two* questions from Part – A and *two* questions from Part – B.
3. All questions carry equal marks.
4. Answer may be written either in English or Hindi; but the same medium should be used throughout the paper.

Part - A

1. (a) Why is it that a public sector is required? Explain the determinants of the distribution of income and wealth in the absence of policy adjustment.  
(b) Explain the first fundamental theorem of welfare economics. (9.75, 9)
2. (a) Distinguish between public and private goods using appropriate diagram.  
(b) Explain how subsidy for not polluting helps in achieving the socially desirable level of output? What are the problems associated with it? Use suitable diagram. (8.75, 10)
3. (a) Define balanced budget multiplier. Derive the balanced budget multiplier algebraically.  
(b) What do you mean by Open Market Operations? Use illustrative example to show how do open market operations affect the money supply? (9, 9.97)

Part - B

4. What do you mean by cooperative federalism? Discuss the recommendations of fourteenth finance commission with regard to vertical devolution and horizontal devolution. (18.75)
5. (a) Explain the various challenges in designing GST.  
(b) Do you agree with the view that introduction of GST would help in achieving a rational tax system in India? Give reasons for your answers. (8, 10.75)
6. Write short notes on any three:
  - (i) GST Council
  - (ii) Fiscal deficit and Effective Revenue deficit
  - (iii) GST Network
  - (iv) Inter – State Council (6.25, 6.25, 6.25)