



18/12/2012

Doon University, Dehradun
Final Semester Examination, Semester-III, 2012
School of Social Science

M.SC. Integrated Economics
Course : SSE-241: Public Economics

Time Allowed : 2hrs

Maximum Marks :50

SECTION - A

Q-1: Explain the following concepts

(Marks:3 x 5 =15)

- (a) Edgeworth Box
- (b) Pareto efficiency
- (c) Marginal rate of substitution
- (d) Economic Surplus
- (e) Demand Independence

SECTION - B

Answer any Seven questions:-

(Marks:7x5 =35)

Q-2: With suitable examples, explain the basic features of public goods?

Q-3: There is no trade-off between equity and efficiency. Explain.

Q-4: What are the major assumptions that result in market efficiency?

Q-5 How the challenges of double coincidence of wants and issue of indivisibility are taken care of in an exchange economy.

Q-6 : With the help of diagram explain the concepts of stable and unstable equilibrium in a market system.

Q-7: Suppose there are three people A, B and C. Let there be four possible allocations W, X, Y and Z. Let us imagine that the ranking of different allocations as revealed by all the three people in the economy is as per the table below. Check which allocations can be Pareto optimal. Explain your answer in detail

Ranking	A	B	C
Best	W	X=W=Z	X=Z
Average	X=Y	Y	W
Least	Z		Y

Q-8: Explain the conditions of production efficiency, exchange efficiency and match efficiency in the contest of market coordination. Explain with the help of suitable examples.

Q-9: What do you mean by price signaling? Explain the term in the context of market operation under government intervention.

Q-10: Critically discuss the issue of loss of economic surplus in case of quantitative restrictions, taxes and subsidies.