

24/9/2014

DOON UNIVERSITY, DEHRADUN
Third Semester Examination, 2014
School of Social Sciences
Msc.Economics Integrated
Course Code: SSEI-221 Public Economics

210

Time Allowed: 2 Hours

Maximum Marks: 30

Note: Attempt All Questions from Sections A & Section B & any two questions from Section C

Section A (Do not write more than 20-25 words)

(1*5=5)

1. Who are free riders?
2. Under specific case, if nobody holds the property rights of the property, what is it called? Give an example.
3. Why Coordination failure does occur?
4. In an exchange economy, the economy is explained with the help of _____.
5. Does a multilateral trade beneficial than a bilateral trade? How?

Section B (Do not write more than than 100 words)

(4*2.5=10)

1. A market system is assumed to bring up efficient outcomes. Is there a possibility where the condition does not hold? Explain in detail
2. How do the two theorems used in welfare economics differ to each other?
3. Giving examples explain the types of goods with respect to their characteristics present.
4. Information & knowledge plays an important role in any era, how can you relate its importance to the market? Lacking such information would lead to what consequences? Giving example explain such a condition. Also tell what kind of information is required?

Section C Long answer type questions

1. What do you understand by the term 'Pareto optimality'? In the given example below, how will we find whether an allocation between three friends is Pareto optimal or not?
Steve, John & Mac are three friends who have different preferences, Steve prefers W allocation the most, allocation Y & X at the second preference and Z the least preferred choice of allocation. John's preference list was different to that of Steve, in the way that he was indifferent to choose X, W & Z in his first preference & Y as the next best allocation. Mac's preference list had equivalent preference for X & Z at first place, W as the second preferred choice & Y as the least preferred allocation.
2. Given a budget constraint, explain diagrammatically how will be determining a condition of competitive equilibrium in which the price is a market clearing one. (Assume a two commodity & two people in an exchange economy). Also explain the properties of the market that prevails.
3. Using redistribution policy, government assumes to create social welfare & decrease economic efficiency loss. How far do you agree with the statement?