

**DOON UNIVERSITY, DEHRADUN**  
**Third Semester Make up Examination, 2014**  
**School of Social Sciences**  
**Msc.Economics Integrated**  
**Course Code: SSEI-210 Public Economics**

*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. Explain-Externality.
2. What is an edgeworth box?
3. Public economics is the study of government policies with respect to attain \_\_\_\_\_ & \_\_\_\_\_.
4. A locus joining all the pareto optimal allocations is called \_\_\_\_\_
5. Why is multilateral trade preferred?

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

**(4\*2.5=10)**

1. Differentiate between public goods & private goods with examples.
2. What is the main difference between the two theorems of the welfare economics?
3. Put some light in the features of the edgeworth box of an exchange economy.
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. With the help of a diagram explain what is pareto optimality. What is an allocation? Are all allocations pareto optimal?
2. Using redistribution policy, government assumes to create social welfare & decrease economic efficiency loss. How far do you agree with the statement?
3. Explaining the properties of a exchange economy market, show diagrammatically how would a situation of competitive equilibrium be achieved?