

**2016**

**M.A. / M.Sc.**

**2nd Semester Examination**

**ECONOMICS**

**PAPER—ECO-203**

*Full Marks : 40*

*Time : 2 Hours*

*The figures in the right-hand margin indicate full marks.*

*Candidates are required to give their answers in their own words as far as practicable.*

*Illustrate the answers wherever necessary.*

**Group—A**

1. Answer any *two* questions of the following : 2×2
- (a) What do you mean by option value of environmental goods and services ?
  - (b) What do you mean by economy environment interaction ?

*(Turn Over)*

(c) Distinguish between weak sustainability and strong sustainability.

(d) What is green GNP ?

2. Answer any *one* question of the following : 1×6

(a) Explain the contingent valuation method (CVM).

(b) Show and explain how under Coasian Solution allocation of property right between pounter and supply does not affect the solution. Do you think Coasian argument is free from criticism ? Explain.

6

3. Answer any *one* question of the following : 1×10

(a) (i) Explain the travel cost method (TCM) for valuation of environmental good.

(ii) Fund the fundamental principle of optimal use of exhaustible resource. 5+5

(b) Distinguish CAC and MBI. Why economists prefer MBI to CAC ? Give ressons for the popularity of CAZ in developing countries. 2+6+2

**Group—B**

4. Answer any *two* questions of the following : 2×2

- (a) Mention major components of revenue expenditure and distinguish between revenue and capital expenditures.
- (b) Define fiscal deficit, revenue deficit and primary deficit.
- (c) What are the criteria of a good tax system?
- (d) What do you mean by incidence of taxation?

5. Answer any *one* question of the following : 1×6

- (a) Explain the conceptions of (i) preference ordering (ii) majority voting and (iii) compensation principle in social choice.
- (b) How tax is being imposed following benefit principle? Give some examples of it. Also Give the criticism of this theory. 3+1+2

6. Answer any *one* question of the following : 1×10

(a) Discuss the Arrow Impossibility Theorem in social choice stating the four conditions of ethical rule to be satisfied.

(b) Show that the excess burden of taxation depends on the elasticity of the demand with respect to price. Also state the underlying assumption. 8+2

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