

**2014**

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

**2nd Semester Examination**

**ECONOMICS**

**PAPER—VII (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 from the following : 2×2**

- (a) Distinguish weak and strong concept of sustainable development.
- (b) What is TEV?
- (c) Give the definition of Green National Product (GNP) based on SEEA.

*(Turn Over)*

(d) Give diagrammatic representation of interlinkage between economy and environment.

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

(a) What are the characteristics of common property resources? Explain the 'Tragedy of Commons'.

1+5

(b) Define Maximum Sustainable Yield (MSY) of a renewable resource. Does the profit maximising equilibrium coincide with MSY?

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

(a) Distinguish between Command and Control (CAC) and Market Based Instruments (MBIs) for pollution control. Explain with a suitable example why MBIs are more efficient compared to CAC? Give reasons for popularity of CAC in developing countries.

1+7+2

(b) What is stated preference method of valuing environmental benefits. Can Contingent Valuation method be considered as a stated preference Method? Explain the contingent valuation Method highlighting its use and shortcomings.

10

**Group—B**

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

- (a) In the context of fiscal federalism, distinguish between horizontal (im)balance and vertical (im)balance. Answer with India's examples.
- (b) Explain the following concepts " block grant, Open-end matching grant and closed-end matching grant.
- (c) State and prove median voter theorem.
- (d) Distinguish between revenue expenditure and capital expenditure of the government mentioning the major components there under.

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

- (a) Explain how composition of public expenditure affects economic growth.
- (b) What is vote-trading? Explain with examples the concept of paradox of vote-trading.

6(2+4)

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

- (a) State and prove Arrow's Impossibility theorem. What condition needs to be imposed for getting out of this impossibility situation.

10(2+6+2)

- (b) What do you mean by optimal (commodity) taxation? What is inverse elasticity rule? Derive the Ramsey rule for optimal taxation, clearly specifying underlying assumptions of your framework.

1+1+8

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