

Mid-West University  
Examinations Management Office  
Birendranagar, Surkhet  
Chance - Examination, 2080

**Subject: DE535E-Public Economics I**

FM:60

Level/program: Master (M.A)

Semester: III

Time: 3 Hours

PM:30

*Candidates are required to answer the questions in their own words as far as practicable.*

**Attempt ALL of the following Very Short Answer Questions.**

**10x1=10**

1. What is public finance?
2. Explain market failure.
3. Define voting system.
4. What is discount rate?
5. Define public goods.
6. List any four public goals.
7. What is tax?
8. Define resource allocation.
9. State Arrow's impossibility theorem.
10. What is public expenditure?

**Attempt any THREE of the Following Short Questions.**

**3x8=24**

11. Differentiate between private goods, public goods and merit goods.
12. What are mechanisms for allocating resources? Explain the problems in allocating resources.
13. Explain the impossibility of decentralized provision of public goods on the basis of Samuelson and Musgrave.
14. Explain the role of the state in an organized society.

**Attempt any TWO of the Following Long Questions.**

**2x13 =26**

15. Explain Wagner's law in public expenditure.
16. Critically explain the theory of optimal taxation.
17. Explain the Wiseman-Peacock hypothesis in public expenditure.

\*\*\*