

**FIRST UNIT TEST – JANUARY 2025**

**ECONOMICS - I SEMESTER M.A**

**24PMA13A - PUBLIC ECONOMIC THEORY AND POLICY**

**Time:1 Hour Max Marks: 25**

**Instruction:** *Answer should be written completely in English*

**SECTION - A**

**Answer any two questions. (2X10=20)**

1. Define public goods and explain the free-rider problem associated with their provision. Suggest potential solutions to address this issue.
2. Critically evaluate the Tiebout model and discuss its relevance in the context of local public goods provision.
3. Examine the role of government in an organized society, highlighting how this role has evolved with the changing perspective of government as a tool for planning and policy implementation.

**SECTION - B**

**Answer any one question. (1X5=5)**

1. Define and differentiate between private goods, public goods, and merit goods with relevant examples.
2. What are externalities? Briefly differentiate between positive and negative externalities with examples.