# School of Liberal Education
**Department of Humanities**
**Mid Term Examination**

**Sem III - ECO6023 - Public Economics**
*Your answer should be specific to the question asked*
*Draw neat labeled diagrams wherever necessary*

**1)** Describe how government policies can address market failures caused by externalities. — K2 (2)

**2)** Recall the main types of taxes and differentiate between specific and ad valorem taxes. — K1 (3)

**3)** Explain the Tiebout Model and its implications for local public goods provision. — K2 (4)

**4)** How does the Goods and Services Tax (GST) system work, and what benefits does it offer? — K2 (6)

**5)** Create a hypothetical situation where the free rider problem could hinder the provision of a local public good. — K3 (6)

**6)** Propose strategies for a country to attract foreign investment while avoiding the negative effects of being labeled as tax haven. — K3 (9)

**7)** Analyze the relation between global public goods and poverty reduction by providing examples. — K4 (8)

**8)** Evaluate the validity of Wagner's Law in explaining the increasing trends in public expenditure over time. — K4 (12)

## OR

Analyze the potential displacement effect in the context of the Peacock-Wiseman Hypothesis — K4 (12)