

MA ECONOMICS
Third Semester
WELFARE ECONOMICS
(MEC - 13)

Duration: 3Hrs.

Full Marks: 70

Part-A (Objective) =20
Part-B (Descriptive) =50

(PART-B: Descriptive)

Duration: 2 hrs. 40 mins.

Marks: 50

Answer any *five* of the following questions

1. Define Welfare Economics. Distinguish between Individual Welfare and Social welfare. (2+8=10)
2. Define Consumer Surplus. Explain Consumer Surplus with the help of a Diagram. Give two criticisms of Consumer Surplus. (2+6+2=10)
3. Give four assumptions of Pareto's Welfare criterion. Explain Pareto's optimum condition of Exchange. (4+6=10)
4. What is Compensation Principle? Explain Kaldor-Hicks criterion with the help of Suitable diagram. (2+8=10)
5. What is Scitovsky's Paradox? Explain Scitovsky's double criterion. (5+5=10)
6. What is Normative Economics? Explain Value judgement in Welfare economics. (4+6=10)
7. What is Public Good? Discuss the problems of Public Goods in Welfare Economics. (4+6=10)
8. Explain the divergence between Private net product and social net product with the help of Pigou's classic example of "Smoke Nuisance" and "Afforastion". (10)

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Duration: 20 minutes

Marks – 20

(PART A - Objective Type)

I. State True or False:

1×5=5

1. Welfare Economics is concerned with the evaluation of alternative economic situations (state, configurations) from the point of view of the society's well-being. (T/F)
2. Several economists proposed the use of the 'Law of diminishing marginal utility' as a criterion of welfare. (T/F)
3. The term Externalities refers to both external economies and Diseconomies. (T/F)
4. Government-financed research creates external economies for all the firms which benefit from such research. (T/F)
5. Pollution of Air from the smoke of factories or fumes of car and airplanes has diseconomies. (T/F)

II. Choose the correct answer:

1×10=10

1.Economics explain an economic phenomenon.
(a) Welfare (b) Positive
(c) Normative (d) Social
2. holds the view that interpersonal utility comparisons are possible.
(a) Pareto (b) Pigou
(c) Kaldor-Hicks (d) Marshall
3.is said to be the founder of New Welfare Economics.
(a) Pigou (b) Pareto
(c) Kaldor (d) Hicks
4. Kaldor, Hicks and Scitovsky put forward the welfare criterion known as the principle.
(a) Income (b) Compensation
(c) Consumption (d) Economic

5.first introduced the concept of Consumer's Surplus.
 (a) Adam Smith (b) Alfred Marshall
 (c) Malthus (d) David Ricardo
6. The concept of Value Judgment is related to.....
 (a) Positive Economics (b) Normative Economics
 (c) Capitalistic Economics (d) Socialistic Economics
7. Welfare Economics is based on..... ideology.
 (a) Socialist (b) Democratic
 (c) Capitalist (d) Both (a) & (b)
8. The second attempt to rehabilitate welfare economics has been made by modern economists like Bergson, Samuelson and.....
 (a) Scitovsky (b) Kaldor
 (c) Hicks (d) Tintner
9. According to Pigou, social welfare improves when.....
 (a) National income is redistributed without reducing national income.
 (b) National income increases.
 (c) Both (a) & (b)
 (d) Neither (a) & (b)
10. Consumer surplus is the difference between the potential price and the.....price.
 (a) Marginal (b) Actual
 (c) Nominal (d) None

III. Fill in the blanks:

1×5=5

1. The condition for Optimum Allocation of Commodities is.....
2.goods are indivisible.
3. The external diseconomies areexternalities.
4. Welfare is a/anconcept.
5. The concept of 'Smoke Nuisance' was given by.....
