MA ECONOMICS
Third Semester
WELFARE ECONOMICS
(MEC - 303)

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 *four* from *Question no.* 2 to 8
***Question no.* 1 is compulsory.**

1. Define Consumer Surplus. Critically explain Consumer Surplus with the help of a Diagram. (2+8=10)

2. Define Welfare. Distinguish between Positive Economics and Normative Economics. (2+8=10)

3. What is Bentham's Utilitarianism? Explain Bentham's five propositions of pleasure and pain. (4+6=10)

4. What are the assumptions given by Pareto for welfare criterion? Explain Pareto's optimum condition of Exchange. (4+6=10)

5. Define Social Welfare Function. Explain Bergson's Social welfare Function.

   (2+8=10)

6. What is Compensation Principle? Explain Scitovsky's double criterion with the help of a diagram. (4+6=10)

7. What is Public Good? Discuss about Externalities in Welfare Economics. (4+6=10)

8. Write short notes on (*any two*): (5+5=10)
   a) Pigovian Welfare Economics
   b) Value Judgments
   c) Arrow's Impossibility Theorem

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Duration: 20 minutes   **Marks – 20**

(PART A - Objective Type)

I. Tick true or false: 1×5=5

1. A positive science is one in which facts or events are explained as they happen.   (T/F)

2. The economic efficiency is comprised of efficiency in production and distribution.   (T/F)

3. The individual welfare means the well-being or satisfaction of an individual.   (T/F)

4. The social welfare functions consist of a set of value judgments.   (T/F)

5. The term Externalities refers to both external economies and Diseconomies.   (T/F)

II. Tick the correct answer: 1×10=10

1. Social welfare function was introduced by................
   (a) Paul A. Samuelson   (b) James Tobin
   (c) Bergson   (d) K. Arrow

2. ....is said to be the founder of New Welfare Economics.
   (a) Pigou   (b) Pareto
   (c) Kaldor   (d) Hicks

3. Consumer surplus is the difference between the potential price and the ....price.
   (a) Marginal   (b) Actual
   (c) Nominal   (d) None

4. The origin of Utilitarianism is ascribed to...................
   (a) V.Pareto   (b) P. Samuelson
   (c) Jeremy Bentham   (d) Professor Pigou

5. The concept of Value Judgment is related to.................
   (a) Positive Economics   (b) Normative Economics
   (c) Capitalistic Economics   (d) Socialistic Economics

6. ....Economics is a normative science.
   (a) Welfare   (b) Positive
   (c) Dynamic   (d) Social

7. .... holds the view that interpersonal utility comparisons are possible.
   (a) Pareto   (b) Pigou
   (c) Kaldor-Hicks   (d) Marshall

8. Kaldor, Hicks and Scitovsky put forward the welfare criterion known as
   the....................... principle.
   (a) Income   (b) Compensation
   (c) Consumption   (d) Economic

9. The condition for Optimum Allocation of Commodities is.....................
   (a) $MRS^A_{X,Y} = MRS^B_{X,Y}$ (b) $MRTS^X_{L,K} = MRTS^Y_{L,K}$
   (c) $MRS^X_{A,B} = MRS^Y_{A,B}$ (d) None of these

10. Each point along a contract curve represents a point of ....optimality.
    (a) Arrow's   (b) Pareto's
    (c) Bergson's   (d) Hick's

III. Fill in the blanks: 1×5=5

1. The concept of Consumer's Surplus was first introduced by.......................................

2. Public goods are...............................

3. The classical example of 'Smoke Nuisance' and 'Afforestation' was given

   by...

4. The doctrine consumer's surplus presupposes that marginal utility of money

   remains............................ through the process of exchange.

5. The external..............................are beneficial externalities.

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