

BIRLA INSTITUTE OF TECHNOLOGY, MESRA, RANCHI  
(MID SEMESTER EXAMINATION)

CLASS: IMSc  
BRANCH: QEDS

SEMESTER : V/ADD  
SESSION : MO/2025

SUBJECT: ED311 PUBLIC ECONOMICS

TIME: 02 Hours

FULL MARKS: 25

**INSTRUCTIONS:**

1. The question paper contains 5 questions each of 5 marks and total 25 marks.
  2. Attempt all questions.
  3. The missing data, if any, may be assumed suitably.
  4. Tables/Data handbook/Graph paper etc., if applicable, will be supplied to the candidates
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		CO	BL
Q.1(a)	What are the different ways through which a government may intervene in the economy?	[3] 1	2
Q.1(b)	Which of these methods can directly be categorized as redistributive activities of the government? Explain.	[2] 1	3
Q.2	What is free riding problem? Why should the government intervene if there is a free riding problem. Explain with an example you observe in your daily life.	[5] 1	3
Q.3	Stubble burning in Punjab and Haryana is attributed to be a major source of air pollution in the Delhi-NCR region during the winter months. The farmers in Punjab and Haryana have property rights over their land, crops and crop residue. Still the problem of externalities cannot be solved. Why do you think the assignment of property rights fails to solve the problem?	[5] 2	4
Q.4(a)	Can a production activity generate both positive and negative externality? Explain.	[2.5] 2	4
Q.4(b)	What are the different ways through which the problem of externalities can be solved?	[2.5] 2	2
Q.5	Suppose the Private Marginal benefit of a firm is given by $PMB = \frac{400-Q}{10}$ . The Private Marginal Cost is given by $PMC = \frac{Q+8}{5}$ . For each unit of production of Q, an environmental damage of Rs10 is caused. In absence of any regulation or government intervention, how much will the firm produce? By how much does this production level deviate from the socially optimum output?	[5] 2	3

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