

2021

ECONOMICS — HONOURS

Fifth Paper

(Group - B)

Full Marks : 50

The figures in the margin indicate full marks.

*Candidates are required to give their answers in their own words
as far as practicable.*

Section - A

Answer *any five* questions.

1. What is the difference between a 'private good' and a 'public good'? 4
2. Distinguish between 'direct taxes' and 'indirect taxes'. 4
3. What is fiscal deficit? Why is it important? 2+2
4. What do you understand by 'free rider' problem? 4
5. Briefly discuss the four canons of taxation advocated by Adam Smith for designing a good tax system. 4
6. What are the major advantages of GST as compared to VAT? 4
7. Briefly discuss some of the major roles that the government can play in the economic development of a country. 4
8. What are 'merit goods'? Explain with examples. 4

Section - B

Answer *any five* questions.

9. Explain the alternative rules of equal sacrifice on the assumption that all individuals have identical and declining marginal utility of income. 6
10. "Efficient provision of social goods involves vertical rather than horizontal addition of individual pseudo-demand schedules."— Explain. 6
11. Define public goods. What are the basic reasons for market failure in the provision of public goods? 2+4

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12. What is public debt? Distinguish between internally and externally held public debt. 2+4
 13. Make a comparison of 'matching grants' and 'non-matching grants' in the provision of public services. 6
 14. Explain the concept of 'excess burden' of taxes. Why doesn't a lumpsum tax impose any excess burden on the consumer? 4+2
 15. On what grounds would you justify the 'benefit approach' to taxation? 6
 16. Briefly explain *allocation function*, *distribution function* and *stabilization function* of budget policy. 2+2+2
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