

**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

**Please Turn Over**

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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