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5 SEM TDC DSE ECO (CBCS) 6 (H)

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(November)

ECONOMICS

(Discipline Specific Elective)

(For Honours)

Paper : DSE-6

(**Public Economics**)

Full Marks : 80

Pass Marks : 32

Time : 3 hours

*The figures in the margin indicate full marks
for the questions*

1. Choose the correct answer of the following : 1×8=8

(a) Maximum Social Advantage is achieved when

(i) Marginal Social Sacrifice =
Marginal Social Benefit

(ii) Total Social Sacrifice = Total Social
Benefit

(2)

- (iii) Average Social Sacrifice = Average Social Benefit
- (iv) Net Social Sacrifice = Net Social Benefit
- (b) Education at a private college is a
- (i) private good
 - (ii) public good
 - (iii) merit good
 - (iv) mixed good
- (c) In case of positive externality
- (i) the social marginal cost will exceed private marginal cost
 - (ii) the social marginal cost will be equal to private marginal cost
 - (iii) the social marginal cost will be less than private marginal cost
 - (iv) the social marginal cost has no relation to private marginal cost

(3)

- (d) Incidence of tax means
- (i) direct money burden
 - (ii) indirect money burden
 - (iii) actual tax burden
 - (iv) None of the above
- (e) The benefit principle of taxation states that tax should be paid in proportion to
- (i) income
 - (ii) expenditure
 - (iii) benefit
 - (iv) utility
- (f) Deadweight debt refers to which of the following forms of public debt?
- (i) Internal debt
 - (ii) External debt
 - (iii) Unproductive debt
 - (iv) Productive debt

(4)

(g) Which of the following is union tax?

(i) Taxes on railway freights and fares

(ii) Stamp duties on financial documents

(iii) Tolls

(iv) Both (i) and (ii)

(h) In India, GST was introduced in the year

(i) 2016

(ii) 2017

(iii) 2018

(iv) 2019

2. Write short notes on any four of the following (**within 150 words** each) : $4 \times 4 = 16$

(a) Stabilization functions of the Government

(b) The free-rider problem

(c) Externalities

(d) Economic effects of taxation

(e) Features of Indian Tax System

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(Continued)

(5)

Answer the following questions (**within 500 words** each) :

3. (a) "The study of public economics has assumed increasing significance in the field of economic analysis in developing countries." Explain the statement. 11

Or

(b) Why has the growth of public sector become necessary in a developing economy? Do you think that the public sector has to play its role even in market driven economy? $7+4=11$

4. (a) How are pure public goods different from impure public goods? Explain the basic characteristics of public goods. $5+6=11$

Or

(b) Define the concept of market failure. Explain the different sources of market failure. Mention two steps for correcting market failure. $2+7+2=11$

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(Turn Over)

(6)

5. (a) Distinguish between vertical equity and horizontal equity. In the light of the ability to pay principle, discuss the various concepts of equal sacrifice with the help of diagram. 2+9=11

Or

- (b) What is incidence of taxation? Explain the demand and supply theory of incidence of taxation. 2+9=11

6. (a) Explain the fiscal reform measures taken in India in the context of new economic policy. Do you think these measures are adequate? Give justification. 8+4=12

Or

- (b) Define the concept of budget deficit, revenue deficit and fiscal deficit. Describe briefly the consequences of fiscal deficit. Mention three measures to reduce fiscal deficit. 3+6+3=12

(7)

7. (a) What are internal and external public debts? Explain the characteristics of India's public debt. 4+7=11

Or

- (b) Explain the major recommendation of the Fifteenth Finance Commission of India. 11
