RAMAKRISHNA MISSION VIDYAMANDIRA
(Residential Autonomous College affiliated to University of Calcutta)
B.A./B.Sc. SIXTH SEMESTER EXAMINATION, MAY 2023
THIRD YEAR [BATCH 2020-23]
Date : 12/05/2023   **ECONOMICS [Honours]**
Time : 11 am – 1 pm   **Paper : CC13**   Full Marks : 50

Answer **any three** questions: [3×4]

1. Suppose the government of a particular country decides to provide subsidy to the persons using solar power in their houses. What can be the possible reason / reasons behind such decision?

2. The creation of a Cinema Hall by the government can't be considered as a Pure Public Good despite cinema being non-rival in nature. What can be the possible reason?

3. Distinguish between 'Spite Effect' and 'Purchase Effect'.

4. Explain, in brief, three benefits of expenditure tax over income tax. Can you mention one comparative benefit of income tax?

5. Distinguish between Fiscal Deficit and Primary Deficit.

6. Explain, with the help of an example, how income tax can create an adverse impact on risk taking ability of entrepreneurs.

Answer **any one** question: [1×8]

7. Consider an individual having the utility functions $U = Y^{\alpha} \left(0 < \alpha < 1\right)$. What will be nature of tax that needs to be introduced on the individual had the principal of Equal Proportional Sacrifice being followed?

8. In an income-leisure framework show that if a person decided to keep his consumption level constant then the person will save more under expenditure tax compared to an equal yield income tax.

Answer **any two** questions: [2×15]

9. What are the main features of a Public Goods? What will be the problem of private provision of such public goods? Explain with an example (5+10)

10. Consider a two good framework – one public good (G) and one private good (X). How can you, in this situation, create an efficient provision of both the goods in an economy with two individuals? What will be the efficiency condition in this case? (10+5)

11. Explain, in brief, the concept of Excess Burden of Tax.

12. Explain the concept of Richardian Equivalence. How can the presence of borrowing constraint invalidate the equivalence? (10+5)

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