Question-1

Explain the features of a public good. Consider whether a motorway (highway) provides an example of a public good. [8]

Question-2

Using examples, explain why some goods cannot be provided as private goods. [8]

Question-3

Explain, with the help of examples, how imperfect information among consumers affects their consumption of merit goods and demerit goods. [8]

Question-4

Explain what is meant by income elasticity of demand and, with the help of examples, show how it can be used to determine whether a good is normal or inferior. [8]

Question-5

Explain why demerit goods are over-consumed and merit goods are under-consumed. [8]