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(CBCS)

(5th Semester)

ECONOMICS

SIXTH PAPER

(**Public Finance**)

Full Marks : 75

Time : 3 hours

The figures in the margin indicate full marks for the questions

(**SECTION : A—OBJECTIVE**)

(*Marks : 10*)

Tick (✓) the correct answer in the brackets provided :

1×10=10

1. Scope of public finance includes

(a) public revenue ()

(b) public debt ()

(c) public expenditure ()

(d) All of the above ()

2. Who among the following advocates the principle of maximum social advantage?

- (a) J. S. Mill ()
- (b) Adam Smith ()
- (c) Hugh Dalton ()
- (d) None of them ()

3. The objective of taxes is

- (a) regulation of economy ()
- (b) increase in production ()
- (c) increase in consumption ()
- (d) decrease in production ()

4. The Direct Taxes Enquiry Committee, 1970 was appointed under the Chairmanship of

- (a) Raj ()
- (b) Chelliah ()
- (c) Wanchoo ()
- (d) Rekhi ()

5. A tax is ad valorem, when it is based on the

- (a) assess value ()
- (b) weight of goods ()
- (c) income ()
- (d) All of the above ()

6. Which of the following is direct tax?
- (a) Sales tax ()
 - (b) Entertainment tax ()
 - (c) Income tax ()
 - (d) Luxury tax ()
7. When expenditure exceeds total tax revenue, it is called
- (a) surplus budget ()
 - (b) balanced budget ()
 - (c) deficit budget ()
 - (d) None of the above ()
8. The effect of public debt in a inflationary situation is
- (a) promotion of investment ()
 - (b) increasing consumption ()
 - (c) contractionary ()
 - (d) expansionary ()
9. The Chairman of the 15th Finance Commission is
- (a) Arvind Panagariya ()
 - (b) K. C. Neogy ()
 - (c) Nand Kishore Singh ()
 - (d) Anoop Singh ()
10. The first Finance Commission was set up in the year
- (a) 1950 ()
 - (b) 1951 ()
 - (c) 1952 ()
 - (d) 1953 ()

(SECTION : B—SHORT ANSWERS)

(Marks : 15)

Write short notes on the following :

3×5=15

UNIT—I

1. Distinction between public good and private good

OR

2. Scope of public finance

UNIT—II

3. Canons of public expenditure

OR

4. Objectives of public expenditure

UNIT—III

5. Impact and incidence of taxes

OR

6. Taxable capacity

UNIT—IV

7. Sinking fund

OR

8. Intergenerational transfer of public debt

UNIT—V

9. Zero-based budgeting (ZBB)

OR

10. Kinds of budget

(SECTION : C—DESCRIPTIVE)

(Marks : 50)

Answer the following questions :

10×5=50

UNIT—I

1. Discuss the differences between public and private finance. 10

OR

2. What is market failure? State the measure that can be adopted to correct market failure. 2+8=10

UNIT—II

3. What is public expenditure? Explain the various principles of public expenditure. 2+8=10

OR

4. Discuss the effects of public expenditure on production and distribution. 10

UNIT—III

5. Define tax. Explain the different canons of taxation. 2+8=10

OR

6. What is public revenue? Discuss the sources of public revenue. 2+8=10

UNIT—IV

7. Explain the different sources of public borrowings. 10

OR

8. What do you mean by debt redemption? Explain the method of redemption of public debt. 2+8=10

UNIT—V

9. Describe the preparation and passing of budget in India. 10

OR

10. Discuss the role of the Finance Commission in India.
