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(NEP–2020)

(4th Semester)

ECONOMICS (MAJOR)

(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. "'Public Finance' is concerned with income and expenditure of public authorities and with the adjustment of one with the other." This statement is made by
   - *(a)* Findlay Shirras ( )
   - *(b)* Prof. Hugh Dalton ( )
   - *(c)* Bastable ( )
   - *(d)* Harold Groves ( )

2. The favourable and unfavourable effects which are associated with the production or consumption of goods is called
   - *(a)* market failure ( )
   - *(b)* externalities ( )
   - *(c)* social goods ( )
   - *(d)* factory effect ( )

3. Those wants which are satisfied by services which are equally consumed by all whether an individual pays them or not are known as
   - *(a)* merit goods ( )
   - *(b)* demerit goods ( )
   - *(c)* merit wants ( )
   - *(d)* social wants ( )

4. The maximum capacity that a country can contribute by way of taxation both in ordinary and extraordinary circumstances is called

   (a) ability to pay ( )

   (b) taxable capacity ( )

   (c) impact of taxation ( )

   (d) incidence of taxation ( )

5. If the tax rate increases with a higher level of income, it shall be called

   (a) progressive tax ( ) (b) proportional tax ( )

   (c) regressive tax ( ) (d) lump-sum tax ( )

6. Which of the following expenditures is not a capital expenditure?

   (a) Investing in new technology ( )

   (b) Buying software ( )

   (c) Buying land ( )

   (d) Expenditure on salaries ( )

7. The debts which the government promises to pay off at a specified date are called

   (a) redeemable debts ( ) (b) funded debts ( )

   (c) irredeemable debts ( ) (d) unfunded debts ( )

8. Salaries and pensions paid by governments are called

   (a) capital expenditure ( )

   (b) development expenditure ( )

   (c) plan expenditure ( )

   (d) revenue expenditure ( )

9. The 16th Finance Commission in India covers a period between

   (a) 2020–25 ( ) (b) 2025–30 ( )

   (c) 2026–31 ( ) (d) 2030–35 ( )

10. The main objective of fiscal policy is

   (a) money supply in the economy ( )

   (b) regulation of banking system ( )

   (c) planning for economic development ( )

   (d) government's revenue and expenditure ( )

(SECTION : B—SHORT ANSWERS)

(*Marks* : 15)

Write short notes on *five* of the following, taking at least *one* from each Unit : 3×5=15

UNIT—I

1. Private goods and public goods
2. Market failure

UNIT—II

3. Proportional tax and regressive tax
4. Non-tax revenue

UNIT—III

5. Canons of public expenditure
6. Sources of public borrowing

UNIT—IV

7. Revenue deficit
8. Zero-based budgeting

(SECTION : C—DESCRIPTIVE)

(*Marks* : 50)

Answer *five* questions, taking at least *one* from each Unit : 10×5=50

UNIT—I

1. What is public finance? Discuss the nature and scope of public finance. 3+7=10
2. Explain the principles of maximum social advantage with its limitations. 10

UNIT—II

3. What is public revenue? Give the various sources of public revenue. 3+7=10

4. Explain the different canons of taxation. 10

UNIT—III

5. Analyse the causes of growth of public expenditure in recent years in India. 10

6. What is debt redemption? Explain the various methods adopted for redemption of public debt. 3+7=10

UNIT—IV

7. Define fiscal policy. Discuss the role of fiscal policy in developing countries. 10

8. Define budget. Explain the economic and functional classifications of budget. 3+7=10

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