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(Pre-CBCS)

(5th Semester)

ECONOMICS

SIXTH PAPER

(Public Finance)

Full Marks : 75

Time : 3 hours

(PART : A—OBJECTIVE)

(Marks : 25)

The figures in the margin indicate full marks for the questions

SECTION—A

(Marks : 10)

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

1×10=10

1. From the following, which are the four divisions of public finance?

- (a) Land, labour, entrepreneur and capital ()
- (b) Consumption, production, distribution and exchange ()
- (c) Public income, public expenditure, public debt and fiscal policy ()
- (d) National income, personal income, consumption and distribution ()

- 2.** Non-rivalry is a feature of
- (a) public goods ()
 - (b) goods but not services ()
 - (c) excludable goods ()
 - (d) all non-excludable goods ()
- 3.** Two examples of developmental expenditure are
- (a) expenditure on salaries and pension ()
 - (b) plan expenditure on railways and shipping ()
 - (c) defense expenditure and loan repayment ()
 - (d) administrative expenditure and subsidies ()
- 4.** Government can meet its expenditure by
- (a) taxing people ()
 - (b) printing new money ()
 - (c) borrowing from banks and foreign countries ()
 - (d) All of the above ()
- 5.** What will you call a system of taxation under which the poorer sections are taxed at higher rates than the richer sections?
- (a) Progressive ()
 - (b) Proportional ()
 - (c) Regressive ()
 - (d) Degressive ()
- 6.** Which is the main objective of a tax?
- (a) Increase in consumption ()
 - (b) Increase in production ()
 - (c) Raising public revenue ()
 - (d) Reduction in capital formation ()
- 7.** The burden of long-term public loan is on
- (a) present generation ()
 - (b) past generation ()
 - (c) future generation ()
 - (d) None of the above ()

8. Government resorted to borrowing when

- (a) current revenues equal public expenditure ()
- (b) current revenues exceed public expenditure ()
- (c) current revenues fall short of public expenditure ()
- (d) None of the above ()

9. The main function of Finance Commission (in India) is

- (a) to recommend pay revision of Central Government employees ()
- (b) to formulate monetary policy ()
- (c) to fix rate of income tax ()
- (d) to recommend how the Union Government should share taxes levied by it with the State ()

10. The Chairman of the 15th Finance Commission is

- (a) N. K. Singh ()
- (b) Shri K. C. Neogi ()
- (c) C. Rangrajan ()
- (d) Dr. Y. V. Reddy ()

SECTION—B

(Marks : 15)

Write short notes on the following :

3×5=15

1. Market failure
2. Canons of public expenditure
3. Incidence of taxes
4. Zero-based budgeting
5. Ricardian equivalence theorem

(PART : B—DESCRIPTIVE)

(Marks : 50)

The figures in the margin indicate full marks for the questions

1. (a) Define public finance. Point out the main differences between public goods and private goods. 4+6=10

OR

- (b) Explain the growing importance of public finance in modern times. 10

2. (a) Discuss the classification of public expenditure. 10

OR

- (b) What factors are responsible for the growth of public expenditure in recent years? 10

3. (a) Discuss the canons of taxation. 10

OR

- (b) What is taxable capacity? Mention the factors determining taxable capacity. 3+7=10

4. (a) Explain various sources of public borrowing by the Government. 10

OR

- (b) Discuss the role of public debt in a developing country like India. 10

5. (a) Define budget. Explain different kinds of budget. 2+8=10

OR

- (b) Discuss the role of the Finance Commission in India. 10

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