

2 0 1 9

(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. The principle of maximum social advantage was put forward by

- (a) Hugh Dalton ()
- (b) Findlay Shirras ()
- (c) H. L. Lutz ()
- (d) Bastable ()

2. The net social advantage shall be maximum only at the point where

- (a) the social sacrifice equals the social benefit ()
- (b) the social sacrifice exceeds the social benefit ()
- (c) the social sacrifice is less than the social benefit ()
- (d) None of the above ()

- 3.** Prof. F. S. Nicholson classified public expenditure on the basis of
- (a) benefit ()
 - (b) revenue ()
 - (c) function ()
 - (d) importance ()
- 4.** Public expenditure on wages and salaries of the government employees will fall under
- (a) Revenue A/c ()
 - (b) Capital A/c ()
 - (c) both Revenue A/c and Capital A/c ()
 - (d) None of the above ()
- 5.** When a tax is imposed on a commodity according to its weight, size or measurement, it is known as
- (a) ad valorem tax ()
 - (b) income tax ()
 - (c) professional tax ()
 - (d) specific tax ()
- 6.** Incidence of tax refers to
- (a) initial burden of tax ()
 - (b) ultimate burden of tax ()
 - (c) shifting of tax burden ()
 - (d) All of the above ()
- 7.** Repudiation of public debt means
- (a) maturing bonds are replaced by new bonds ()
 - (b) refusal to repay public debt ()
 - (c) public debt is repaid in equal instalment ()
 - (d) exchange of new debt for the old one ()
- 8.** Public debt is incurred so as
- (a) to cover temporary budget deficits ()
 - (b) to meet wartime expenditure ()
 - (c) to finance developmental projects ()
 - (d) All of the above ()

9. After the presentment of the budget, the time and day for general discussion is fixed by the
- (a) Finance Minister ()
 - (b) Junior Minister ()
 - (c) Speaker ()
 - (d) President ()
10. The zero-based budgeting system is being followed in India since
- (a) 1985–86 ()
 - (b) 1986–87 ()
 - (c) 1987–88 ()
 - (d) 1988–89 ()

SECTION—B

(Marks : 15)

Write short notes on the following :

3×5=15

1. (a) Social wants and merit wants

OR

(b) Scope of public finance

2. (a) Canon of economy of public expenditure

OR

(b) Classification of public expenditure

3. (a) Progressive tax and regressive tax

OR

(b) Taxable capacity

4. (a) Internal debt and external debt

OR

(b) Meaning of intergenerational transfer of public debt

5. (a) Finance Commission of India

OR

(b) Revenue and capital budgets

(PART : B—DESCRIPTIVE)

(Marks : 50)

The figures in the margin indicate full marks for the questions

1. (a) What is public finance? Discuss the similarities and dissimilarities between public finance and private finance. 2+8=10

OR

- (b) What is market failure? Discuss the measures that can be adopted by the government to correct market failure. 2+8=10

2. (a) Examine the effects of public expenditure on production, distribution and consumption. 10

OR

- (b) Explain briefly the main principles that should govern public expenditure. 10

3. (a) What is public revenue? Explain briefly the main sources of public revenue. 2+8=10

OR

- (b) Discuss the ability-to-pay approach of taxation. 10

4. (a) What is public debt? What are the different sources of public borrowing? 2+8=10

OR

- (b) Explain the various methods of redemption of public debt. 10

5. (a) Describe the budgetary procedure in India. 10

OR

- (b) Explain in detail the economic and functional classifications of budget. 10

★ ★ ★