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(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. Which of the following is a private good?

(a) Air ()

(b) Water ()

(c) Car ()

(d) Road ()

2. Who defines public finance as, “the study of the principles underlying the spending and raising of funds by public authorities”?

(a) Bastable ()

(b) Findlay Shirras ()

(c) Harold Groves ()

(d) Mrs. Ursula Hicks ()

- 3.** Which of the following items accounts for the highest expenditure in the Union Budget, 2018–19?
- (a) Food subsidy ()
- (b) Rural development ()
- (c) Agriculture and allied activities ()
- (d) Defence ()
- 4.** Development expenditure of modern developing economies consists of expenditure on
- (a) social services, economic services and community services ()
- (b) social services, economic services and general services ()
- (c) social services, community services and general services ()
- (d) community services, economic services and general services ()
- 5.** With a regressive tax, as income
- (a) increases, tax rate remains the same ()
- (b) decreases, the tax rate decreases ()
- (c) increases, the tax rate increases ()
- (d) increases, the tax rate decreases ()
- 6.** All taxes come under
- (a) revenue receipts ()
- (b) capital receipts ()
- (c) public debt ()
- (d) deficit financing ()
- 7.** Redemption of public debt means
- (a) payment of interest and repayment of principal by private individual ()
- (b) payment of interest and repayment of principal by corporations ()
- (c) payment of interest and repayment of principal by the government ()
- (d) payment of interest and repayment of principal by foreigners ()

8. Government resorted to borrowing, when
- (a) current revenues fall short of public expenditure ()
 - (b) current revenues exceed public expenditure ()
 - (c) current revenues equal public expenditure ()
 - (d) current revenues exceed current expenditure ()
9. The Union Budget has
- (a) one set of data i.e., Revised Estimate (RE) ()
 - (b) two sets of data i.e., Revised Estimate (RE) and Quick Estimate (QE) ()
 - (c) three sets of data i.e., Revised Estimate (RE), Quick Estimate (QE) and Advance Estimate (AE) ()
 - (d) four sets of data i.e., Revised Estimate, Quick Estimate, Advance Estimate and Five-Year Plan Estimate ()
10. The highest share in budget receipts is
- (a) excise ()
 - (b) borrowings and other liabilities ()
 - (c) corporation tax ()
 - (d) customs duties ()

SECTION—B

(Marks : 15)

Write short notes on the following :

3×5=15

1. (a) Meaning of market failure

OR

- (b) Private goods and public goods

2. (a) Canon of benefit of public expenditure

OR

- (b) Principle of public expenditure

3. (a) Direct and indirect tax

OR

- (b) Incidence of a tax

4. (a) Public debt and private debt

OR

- (b) Sinking fund method of debt redemption

5. (a) Budgetary deficit

OR

(b) Zero-based budgeting

(PART : B—DESCRIPTIVE)

(Marks : 50)

The figures in the margin indicate full marks for the questions

1. (a) What is public finance? Discuss its scope. 3+7=10

OR

(b) Explain the principle of maximum social advantage. Give its limitations. 7+3=10

2. (a) Analyze the causes of growth of public expenditure in recent year. 10

OR

(b) What is public expenditure? Explain the classification of public expenditure. 2+8=10

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

OR

(b) What do you mean by taxable capacity? On what factors taxable capacity depends? 2+8=10

4. (a) Explain the various types of public debt. 10

OR

(b) Discuss the burden of external debt. How does it affect future generation? 6+4=10

5. (a) What is revenue budget? Explain revenue receipts and revenue expenditure. 2+8=10

OR

(b) What is Finance Commission? Examine the main functions of Finance Commission of India. 3+7=10

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