

63/1 (SEM-5) DSE1/ECOEHE5016

2023

ECONOMICS

Paper : ECOHE5016

(Public Finance)

Full Marks : 80

Pass Marks : 32

Time : Three hours

The figures in the margin indicate full marks for the questions.

1. Choose the correct answer from the following : **(any six)** 1×6=6

- (a) Which of the following is non-revenue receipt ?
- (i) taxes on property
 - (ii) commercial revenues
 - (iii) grants and gifts
 - (iv) loans from abroad

Contd.

(b) Import duty is a

- (i) tax revenue
- (ii) non-tax revenue
- (iii) non-revenue receipt
- (iv) income tax

(c) Under progressive taxation, tax liability

- (i) decreases more than in proportion to decrease in income
- (ii) increases more than in proportion to increase in income
- (iii) increases with the decrease in income
- (iv) neither increases nor decreases

(d) Which of the following is not the characteristic of public goods?

- (i) Non-Excludability
- (ii) Non-rivalry
- (iii) Partial Excludability
- (iv) Equal consumption by all

(e) Deficit budget occurs when

- (i) government expenditure is less than its revenue
- (ii) government expenditure exceeds its revenue
- (iii) government expenditure is equal to its revenue
- (iv) government does not make expenditure

(f) In a federation, horizontal equity refers to

- (i) equal treatment of unequal
- (ii) unequal treatment of unequal
- (iii) Both (i) and (ii)
- (iv) effects of taxation

(g) The problem of externality is associated with

- (i) private goods
- (ii) merit goods
- (iii) poverty
- (iv) public goods

(h) Which of the following is not the method of redemption of public debt ?

- (i) refunding
 - (ii) redemption of external debt
 - (iii) year-wise partial repayment
 - (iv) imposition of heavy import duty
- (i) Laissez-faire in economics implies

- (i) minimal government intervention in economic affairs
- (ii) maximum government intervention in economic affairs
- (iii) no government intervention in economic affairs

(iv) total control of economic affairs by the government

(j) Customs duties are the taxes on

- (i) internally traded goods
- (ii) internationally traded goods
- (iii) both internally and internationally traded goods
- (iv) consumption goods

2. Answer the following questions : **(any five)**
2×5=10

- (a) What is public debt management?
- (b) What is internal public debt ?
- (c) What is non-excludability ?
- (d) Mention *any two* models for efficient allocation of public goods.
- (e) What do you mean by incidence of a tax ?
- (f) What is fiscal federalism ?
- (g) Write *two* merits of indirect tax.

3. Answer the following questions : **(any six)**
5×6=30

- (a) Write the characteristics of a good tax system.
- (b) Distinguish between taxes and regulations.
- (c) Write the causes of growing public expenditures.
- (d) Write a short note on Coase theorem.

(e) Point out the merits and demerits of progressive taxation.

(f) Distinguish between incremental budget and zero-base budget.

(g) Write the principles of division of financial resources between the Central and the State governments.

(h) Write a note on benefit principles of taxation.

(i) Distinguish between pure and impure public goods.

(j) Explain the different sources of public debt.

4. Answer the following questions : **(any two)**
10×2=20

(a) Explain the role of public finance in a developing country.

(b) Discuss the different methods of redemption of public debt.

(c) Explain the effects of taxation on production and distribution.

(d) State and explain the canon of taxation given by Adam Smith.

5. Answer the following questions : **(any one)**
14×1=14

(a) What is externality? Explain the problems of externalities.

(b) Discuss the relative superiority of direct and indirect taxes.

(c) Explain the role of public debt. Discuss the various sources of public debt.