

2014

ECONOMICS

(Major)

Paper : 5.1

(Elements of Public Finance)

Full Marks : 60

Time : 3 hours

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

1. Answer the following questions : 1×7=7
- (a) Mention the modern perspective of the scope of public finance.
 - (b) What is capital gains tax?
 - (c) Mention one source of external debt.
 - (d) Give one example of non-tax revenue.
 - (e) Write one difference between plan and non-plan expenditures.
 - (f) When does a country fall into debt trap?
 - (g) What do you mean by burden of public debt?

2. Answer the following questions : 2×4=8

- (a) Distinguish between ad valorem tax and value-added tax.
- (b) Write two differences between public goods and private goods.
- (c) Give two reasons why external debt is a greater cause of concern than internal debt.
- (d) Explain briefly two sources of revenue receipt.

3. Answer any *three* from the following questions : 5×3=15

- (a) Explain the factors that are responsible for widening the scope of public finance in modern times.
- (b) Explain briefly the advantages and disadvantages of direct taxes.
- (c) "Public debt plays a very important role in mobilization of resources in developing countries." Explain.
- (d) Briefly explain Wagner's law of public expenditure.
- (e) Write the different sources of public debt.

4. Answer any *three* from the following questions : 10×3=30

- (a) Is public finance a positive science or a normative science? Explain your view.
- (b) Distinguish between revenue receipt and non-revenue receipt. Trace the sources of both forms of receipt. 4+6=10
- (c) Explain the effects of public expenditure on production and distribution.
- (d) What are the various means of redemption of public debt? Explain briefly.
- (e) Discuss the role of indirect taxes in a developing economy. Explain how direct tax and indirect tax are complementary to each other. 5+5
- (f) "Public expenditure is growing in modern times due to increasing activities of government." Do you support the statement? Give reasons for your answer.

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