

Total number of printed pages-7

63/1 (SEM-5) DSE1/ECOHE5016

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.