

**2017**  
**( 5th Semester )**

**ECONOMICS**

**SIXTH PAPER**  
**( Public Finance )**

*Full Marks : 75*

*Time : 3 hours*

**( PART : B—DESCRIPTIVE )**

*( Marks : 50 )*

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

1. (a) Define public finance. Distinguish  
between public finance and private  
finance. 2+8=10

Or

(b) Explain the principle of maximum social  
advantage. 10

**8G/158a**

**158a ( Turn Over )**

2. (a) Discuss the causes for the growth of public expenditure in recent years. 10

Or

- (b) State the canons and principles of public expenditure. 10

3. (a) Distinguish between direct taxes and indirect taxes. What are the main characteristics of a good tax system? 4+6=10

Or

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

4. (a) Explain various sources of public borrowing by the Government. 10

Or

- (b) What is debt redemption? Explain various methods adopted by a government to redeem public debt. 2+8=10

5. (a) Define budget. How is a budget prepared and passed in India? 2+8=10

Or

- (b) Explain the economic and functional classification of a budget. 10

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2017

( 5th Semester )

**ECONOMICS****SIXTH PAPER****( Public Finance )**

( 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. Who among the following advocates the principle of maximum social advantage?

- (a) J. S. Mill ( )
- (b) Hugh Dalton ( )
- (c) Adam Smith ( )
- (d) None of them ( )

2. Who defines, "Public finance is concerned with the income and expenditure of public authorities and with the adjustment of the one to another."?

- (a) Prof. Hugh Dalton ( )
- (b) Findlay Shiraz ( )
- (c) Harold Groves ( )
- (d) J. M. Keynes ( )

3. Public Expenditure is a financial means to secure

- (a) capital objectives ( )
- (b) social objectives ( )
- (c) socialism ( )
- (d) employment ( )

4. Which of the following items accounts for the highest expenditure in the Union budget 2017-18?

- (a) Defence ( )
- (b) Education ( )
- (c) Grants and loans to States ( )
- (d) Food subsidy ( )

5. A tax is ad valorem, when it is based on the

- (a) income ( )
- (b) weight of goods ( )
- (c) transport cost ( )
- (d) All of the above ( )

6. Which of the following is direct tax?

- (a) Sales tax ( )
- (b) Entertainment tax ( )
- (c) Income tax ( )
- (d) Luxury tax ( )

7. Which of the following is not a method of debt redemption?

- (a) Deficit financing ( )
- (b) Sinking fund ( )
- (c) Debt conversion ( )
- (d) None of the above ( )

8. The effect of public debt in an inflationary situation is

- (a) contractionary ( )
- (b) expansionary ( )
- (c) promotion of investment ( )
- (d) increasing consumption ( )

9. Functional classification of budget refers to the

- (a) economic services ( )
- (b) social services ( )
- (c) general services ( )
- (d) All of the above ( )

10. The first Finance Commission was appointed in the year

- (a) 1950 ( )
- (b) 1951 ( )
- (c) 1952 ( )
- (d) 1955 ( )

( 5 )

SECTION—B

( Marks : 15 )

Write short notes on the following :

3×5=15

1. Distinction between private goods and public goods

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2. Meaning of public expenditure

( Marks : 15 )

Write short notes on the following :

1. Distinction between private goods and public goods

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3. Distinction between proportional tax and regressive tax

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4. Sources of public debt

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5. Finance Commission of India

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