

~~19 NOV 2014~~

V/ECO (vi)

2014

(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**

Answer all questions

UNIT—I

- 1. Define public finance and distinguish
between public finance and private finance.**

2+8=10

Or

**What is market failure? What are the factors
that lead to market failure?**

2+8=10

G15—1000/89a

(Turn Over)

UNIT—II

2. What is public expenditure? Examine the effects of public expenditure on production, distribution and consumption. 2+8=10

Or

Discuss the causes for the growth of public expenditure in recent years. 10

UNIT—III

3. What is taxable capacity? Distinguish between absolute and relative taxable capacity. 3+7=10

Or

Define direct taxes and indirect taxes. What are various characteristics of a good tax system?

4+6=10

UNIT—IV

4. Discuss the role of public debt in a developing country like India. 10

Or

What are various methods of raising public debt by the government?

UNIT—V

5. What is a public budget? Distinguish between economic and functional classification of budget. 2+8=10

Or

Examine the main functions of finance commission of India. 10

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2014

(5th Semester)

ECONOMICS

SIXTH PAPER

(Public Finance)

(PART : A—OBJECTIVE)

(Marks : 25)

The figures in the margin indicate full marks for the questions

Answer all questions

SECTION—A

(Marks : 10)

Tick (✓) the correct answer in the brackets provided :

1×10=10

1. Market failure can occur when

- (a) monopoly power exists in the market ()
- (b) markets are missing ()
- (c) moral hazard and adverse selection exist ()
- (d) All of the above ()

2. A good is considered to be non-rival in consumption, when

- (a) two or more persons can consume the same good ()
- (b) only one person consume it ()
- (c) it is a non-consumable good ()
- (d) None of the above ()

3. According to Wagner, the root cause of the increasing public expenditure in modern times is

- (a) defence ()
- (b) the pressure for social progress ()
- (c) democracy ()
- (d) None of the above ()

4. The canon of sanction in public expenditure implies that

- (a) every government expenditure should be audited ()
- (b) no audit is required for government expenditure ()
- (c) government expenditure should be reduced ()
- (d) None of the above ()

5. A tax is ad valorem, when

- (a) it is based on income
- (b) it is based on the money value of goods
- (c) it is based on the weight of the goods
- (d) All of the above

6. Impact of a tax refers to

- (a) the legal responsibility of a person
- (b) the shifting possibility
- (c) the final money burden of a tax
- (d) None of the above

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

- (a) Sinking fund
- (b) Refunding
- (c) Deficit financing
- (d) All of the above

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) None of the above ()

9. The First Finance Commission was appointed in the year

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

10. The economic classification of Central Budget consists of

- (a) 6 accounts ()
- (b) 7 accounts ()
- (c) 8 accounts ()
- (d) 10 accounts ()

(5)

SECTION—B

(Marks : 15)

Write short notes on the following :

3×5=15

1. Role of government in the economy

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2. Canons of public expenditure

(Marks : 15)

Write short notes on the following :

- (a) Role of government in the economy
- (b) Canons of public expenditure
- (c) Role of public expenditure
- (d) Role of the state

9. The Fiscal Finance Commission

- (a) 1950
- (b) 1951
- (c) 1952
- (d) 1953

10. The economic classification of accounts

- (a) 6 accounts
- (b) 7 accounts
- (c) 8 accounts
- (d) 10 accounts

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3. Ability to pay approaches to taxation

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4. Methods of debt redemption

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5. Different kinds of budget

2014

(Part : B—D)

ECONOMICS

SIXTH PAPER

(Public Finance)

Full Marks : 75

Time : 1-hour

(PART : B—D)

(Marks : 50)

figures in the margin indicate full marks for the questions

Answer all questions

UNIT—I

Define public finance and distinguish between public finance and private finance.

2+8=10

What is market failure? Why *** the factors lead to market failure?

2+8=10