

63/1 (SEM-5) DSE1/ECOHE5016

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(Held in 2023)

ECONOMICS

Paper : ECOHE5016

(**Public Finance**)

Full Marks : 80

Pass Marks : 32

Time : 3 hours

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

1. Choose the correct answer of the following :

1×6=6

- (a) The non-tax revenue is
- (i) revenue from public enterprise
 - (ii) grants and gifts
 - (iii) selling the goods and services
 - (iv) All of the above
- (b) Which of the following taxes is not a direct tax?
- (i) Wealth tax
 - (ii) Income tax
 - (iii) Expenditure tax
 - (iv) Customs duty

- (c) Budget is an instrument of
- (i) economic policy
 - (ii) fiscal policy
 - (iii) monetary policy
 - (iv) foreign trade policy
- (d) The Coase theorem is dealt with
- (i) property rights
 - (ii) global warming
 - (iii) private goods
 - (iv) None of the above
- (e) Externality refers to
- (i) external economies
 - (ii) external diseconomies
 - (iii) Both (i) and (ii)
 - (iv) None of the above
- (f) Redemption of public debt means
- (i) repayment of public debt
 - (ii) refusal to pay public debt
 - (iii) linking public debt with external sources
 - (iv) None of the above

2. Answer the following questions : 2×5=10
- (a) State the two principal characters of public goods.
 - (b) What is principle of equity?
 - (c) What is deficit financing?
 - (d) Mention two essential functions of public finance.
 - (e) Write two merits of direct tax.
3. Answer any six of the following questions : 5×6=30
- (a) Distinguish between internal and external public debt.
 - (b) Write the effects of taxation on production.
 - (c) Indicate the sources of public debt.
 - (d) Write the criteria of optimal taxation.
 - (e) Explain the role of external public debt in economic development.

- (f) Distinguish between progressive and proportional taxation.
- (g) What is compensatory budget? Explain.
- (h) Write a short note on property right.
- (i) Explain the concept of fiscal federalism.

4. Answer any *two* of the following questions :

10×2=20

- (a) What is public finance? Explain the nature and scope of public finance.
- (b) Compare between the direct and indirect tax. What is the role of indirect tax in underdeveloped countries?
- (c) Account for the various factors which influence the incidence of tax.

5. Answer any *one* of the following questions : 14

- (a) Discuss the different types of externalities on consumption and production.
- (b) Explain the major fiscal functions of the public sector.

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