

J. Islam

(Semi-Annual Exam)

M

2013

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

M

1. Answer the following questions : 1×7=7

- (a) Define public goods.
- (b) Define merit goods.
- (c) What do you mean by capital receipts?
- (d) What is meant by public expenditure?
- (e) What is the other name of Wagner's law?
- (f) What do you mean by redemption of public debt?
- (g) What is meant by sinking fund?

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(Turn Over)
Wagner's Law
AM

increasing state spending →

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

- (a) Distinguish between revenue receipts and non-revenue receipts.
- (b) Distinguish between direct tax and indirect tax.
- (c) Point out two main causes responsible for the growth of public expenditure.
- (d) Bring out the meaning of debt trap.

3. Answer any *three* from the following questions :

5×3=15

- (a) Clearly show the difference between income tax and property tax.
- (b) "Public expenditure may be used as a compensatory measure to maintain economic stability." Explain the statement.
- (c) Explain the role of public expenditure in reducing the gap between poverty and prosperity in a developing country.
- (d) In between internal debt and external debt, which one imposes more burden on the community? Explain.
- (e) Write a short note on the various sources of public borrowing.

(3)

Answer any *three* from the following questions :

10×3=30

- (a) Explain critically the principle of maximum social advantage.
- (b) Discuss the various sources of tax and non-tax revenue.
- (c) What are the various canons of public expenditure? Explain.
- (d) Examine how public expenditure affects the economy and secures social welfare.
- (e) Bring out the various factors responsible for growing public debt.
- (f) Can a country become bankrupt? Is there any safe limit to public debt? Explain.

2+8=10
