

B.A. (Semester – VI) Examination, April/May 2019
ECONOMICS (Paper – X)
Public Finance – II

Duration : 2 Hours

Max. Marks : 80

Instructions : 1) **All questions are compulsory, however internal choice is available.**

2) **Answer sub-questions in question 1 and question 2 in not more than 100 words each.**

3) **Answer question 3 to question 6 each in not more than 400 words.**

4) **Figures to the right indicate maximum marks to the question/sub-question.**

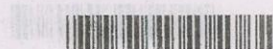
5) **Paper carries maximum of 80 marks.**

1. Answer **any four** of the following : (4×4=16)

- i) Briefly explain any four objectives of public expenditure.
- ii) What do you understand by compensatory spending ?
- iii) Distinguish between a tax and a fee as sources of revenue.
- iv) Explain briefly any four drawbacks of a direct tax.
- v) Briefly explain the concepts of vertical and horizontal equity in taxation.
- vi) State and explain four drawbacks of income as an index of ability to pay.

2. Answer **any four** of the following : (4×4=16)

- i) Briefly explain any four canons of taxation.
- ii) Write a brief note on Excise Duties.
- iii) List and explain any four methods of debt redemption.
- iv) What is a capital gains tax ?
- v) Outline any four merits of progressive taxation.
- vi) Write a brief note on Debt Management.



3. A) Explain the canons of public expenditure. 12
- OR
- B) Examine the trends of public expenditure in India. 12
4. A) Evaluate indirect taxes as a source of revenue to the government. 12
- OR
- B) With the help of an example explain and evaluate the proportional system of taxation. 12
5. A) Examine the effect of taxes on distribution and economic stability. 12
- OR
- B) Discuss the meaning and rationale for the following taxes i) Custom duties
ii) Income tax. 12
6. A) Attempt a classification of public debt. 12
- OR
- B) Examine the reasons for the rising public debt. 12