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B.A. (Semester – VI) Examination, April/May 2018
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-question in Question 1 and Question 2 in not more than **100** words **each**.*
 - 3) *Answer Question 3 to Question 6 **each not** in 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) Explain in brief the functional classification of public expenditure.
- ii) Briefly explain any four canons of public expenditure.
- iii) Briefly explain the relative importance of non-tax revenue in India.
- iv) Enlist four canons of taxation.
- v) Briefly explain the effects of public expenditure on distribution.
- vi) Briefly explain two significant demerits of proportional tax rate system.

2. Answer **any four** of the following :

(4×4=16)

- i) Distinguish between impact and incidence of tax.
- ii) Briefly explain in brief the concept of capital gains tax.
- iii) What are the significant sources of public debt ?
- iv) Briefly explain a short note on corporate income tax.
- v) Briefly explain a note on tax reforms in India.
- vi) Explain the concept of debt burden.

3. A) Explain six significant reasons for growth of public expenditure in India.

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OR

B) Explain the concepts of pump priming and compensatory finance and state its effectiveness as measures to control recession.

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4. A) Define the progressive tax rate system with a suitable example and briefly explain six arguments in favour of progressive tax system.

OR

- B) Briefly explain three subjective indices of ability to pay approach to taxation.

5. A) Explain the effects of taxation on production and distribution.

OR

- B) Define Value Added Tax (VAT) and Service tax in India and explain the contribution of both taxes to tax revenue of Government of India.

6. A) Define public debt and explain any three methods of debt redemption.

OR

- B) Explain the following :

- a) Classification of public debt.
- b) Significance of public debt.