REV-01
BEC/03/08

2025/11

SET A

BA ECONOMICS
THIRD SEMESTER
PUBLIC FINANCE
BEC – 301
[USE OMR SHEET FOR OBJECTIVE PART]

Duration: 3 hrs. **Full Marks: 70**

Objective

Time: 30 mins. **Marks: 20**

Choose the correct answer from the following: ***1×20=20***

1. The "Theory of Public Finance" is written by.....
   a. H. Delton
   b. U. Hicks
   c. R.A. Musgrave
   d. Arther Lewis

2. "Wealth of Nation" was written by Adam Smith in the year:
   a. 1776 AD
   b. 1780 AD
   c. 1979 AD
   d. 1785 AD

3. At present the public expenditure in developing country is
   a. Increasing
   b. Decreasing
   c. Remains constant
   d. None of the above

4. Wagner's Law is related with.....
   a. Public debt
   b. Public Expenditure
   c. Fiscal Policy
   d. None of the above

5. Which of the following is a key characteristic of a public good?
   a. Rivalry
   b. Excludability
   c. Non-rivalry
   d. Divisibility

6. A private good is best defined as a good that is.....
   a. Non-excludable and non-rival
   b. Excludable and rival
   c. Non-excludable and rival
   d. Excludable and non-rival

7. Which of the following is an example of a public good?
   a. Electricity
   b. National defense
   c. A mobile phone
   d. Restaurant meal

8. Street lighting is considered a public good because:
   a. It is costly to produce
   b. It is excludable but non-rival
   c. It is rival but non-excludable
   d. It is non-rival and non-excludable

9. Which of the following is a direct tax?
   a. GST
   b. Custom duty
   c. Income tax
   d. Excise duty

10. The main objective of taxation in a welfare state is.....
    a. Reducing exports
    b. Income redistribution
    c. Increasing consumption
    d. Encouraging monopoly

11. A good tax system should primarily follow which principle?
    a. Principle of inequality
    b. Benefit principle
    c. Principle of extravagance
    d. Principle of exclusion

12. Public debt refers to.....
    a. Borrowing by private companies
    b. Borrowing by households
    c. Borrowing by the government
    d. Borrowing by NGOs

13. Internal public debt is borrowed from.....
    a. Foreign governments
    b. World Bank
    c. Domestic individuals/institutions
    d. IMF

14. Tax evasion refers to.....
    a. Legally minimizing tax liability
    b. Illegally avoiding payment of taxes
    c. Increasing tax rates
    d. Paying taxes earlier

15. The burden of public debt on future generations arises mainly because:
    a. Debt repayment requires higher future taxes
    b. Public debt increases exports
    c. Public debt reduces budget allocation to defence
    d. Future generations receive no benefits from public expenditure

16. Fiscal policy refers to.....
    a. Control of money supply
    b. Government spending and taxation decisions
    c. Regulation of interest rates
    d. International trade policies

17. The main objective of fiscal policy in developing countries is.....
    a. Price stabilization only
    b. Economic welfare
    c. Promoting economic growth and development
    d. Reducing exports

18. When government expenditure exceeds revenue, the budget shows:
    a. Balanced budget
    b. Surplus budget
    c. Deficit budget
    d. Cyclically balanced budget

19. The annual financial statement of the government is known as.....
    a. Fiscal report
    b. Budget
    c. Audit report
    d. Demand for grants

20. Revenue receipts include:
    a. Borrowing from RBI
    b. Disinvestment proceeds
    c. Tax revenues
    d. Loans from foreign countries

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Descriptive

Time : 2 Hr. 30 Mins. **Marks : 50**

[Answer question no.1 & any four (4) from the rest]

1. Explain the role of public finance in underdeveloped economy. 10
2. Explain the factors determining the taxable capacity. 10
3. What are the characteristics of a good taxation in a developing economy? 10
4. Examine the factors why public debt is increasing in a developing country? 10
5. Explain Wagner's Law of increasing state activities in public expenditure. 10
6. Discuss Wiseman-Peacock theory of public expenditure. 10
7. Define Government budget. Explain its main components. 10
8. Explain different types of deficit in Government budget. 10

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