

**2021**

**PUBLIC FINANCE AND TAXATION — HONOURS**

**Paper : DSE-5.1T**

**Full Marks : 80**

*The figures in the margin indicate full marks.*

*Candidates are required to give their answers in their own words  
as far as practicable.*

Answer **any eight** questions.

1. What are the reasons behind market failure? Can public goods solve the problem of such failure? Justify your answer. 5+5
2. Distinguish between direct taxes and indirect taxes. Write a note on 'excess burden of taxes'. 4+6
3. What do you mean by 'Ability to pay' in respect of principle of taxation? Compare this approach with the 'Benefit Approach', clearly stating their relative merits and demerits. 3+7
4. Distinguish between public goods and merit goods. Do you think that the government can ensure better distribution of income and wealth through its public expenditure policy? Justify your answer. 4+6
5. Analyse the effects of public expenditure on aggregate production and the impact of taxes on investment expenditure. 5+5
6. What is meant by the term 'burden of public debt'? Distinguish between the burden of an internally held and an externally held public debt. 4+6
7. Critically evaluate the recommendations of Fourteenth Finance Commission. 10
8. Distinguish between primary deficit and fiscal deficit. Why is high fiscal deficit considered to be harmful? 3+7
9. What are the major sources of funds of the state governments of India? What are the major heads of expenditure of the Indian central government? 5+5
10. How can a government try to reduce the burden of public debt? Is there any connection between public debt and fiscal deficit? Justify your answer. 5+5
11. The state governments in India often complained that the fund transfer formula (from the centre to the states) is unfair. Do you agree? Justify your answer. 10
12. Write a note on the FRBM Act. Do you think that GST is an improvement over VAT (in Indian context)? Justify your answer. 5+5

**Please Turn Over**

**U(5th Sm.)-Public Finance and Taxation-H/DSE-5.1T/CBCS ( 2 )**

- 13.** Do you think that India's current public debt situation is sustainable? Justify your answer. 10
- 14.** What is fiscal policy? What reforms have been implemented in India (in respect of fiscal policies) in the post-reform period? 10
- 15.** Distinguish between public finance and private finance. Why is public finance considered to be an important branch of economics? 4+6
- 16.** Write short notes on the following : 5+5
- (i) Income as the base of taxation
  - (ii) Consumption as the base of taxation.
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