

2016

ECONOMICS

(Major)

Paper : 6.1

Full Marks : 60

Time : 3 hours

*The figures in the margin indicate full marks
for the questions*

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

- (a) Define proportional tax.
- (b) What do you mean by incidence of tax?
- (c) Name one important factor determining taxable capacity.
- (d) What do you mean by incremental budget?
- (e) Name an important component of fiscal policy.
- (f) Give an example of a loose type of federation.
- (g) What do you mean by fiscal federalism?

2. Answer the following questions : $2 \times 4 = 8$

- (a) Distinguish between progressive tax and regressive tax.
- (b) Bring out the difference between absolute taxable capacity and relative taxable capacity.
- (c) What do you mean by shifting of tax?
- (d) Define government budget.

3. Answer any *three* of the following questions : $5 \times 3 = 15$

- (a) Write a note on the benefit principle of taxation.
- (b) Briefly explain the concept of incidence and impact of shifting of tax.
- (c) Clearly bring out the distinction between balanced budget and unbalanced budget.
- (d) Bring out the meaning and objectives of fiscal policy.
- (e) Write a short note on the 14th Finance Commission.

4. Answer any *three* of the following questions : $10 \times 3 = 30$

- (a) State the four canons of taxation as prescribed by Adam Smith. Critically analyze the other canons of taxation added to the list by the later economists. $4 + 6 = 10$
- (b) The theories of taxation applicable to the developed nations cannot be largely applied to the developing ones. Explain. 10
- (c) Distinguish between money burden and real burden of tax. Explain the concept of forward and backward shifting of tax. $5 + 5 = 10$
- (d) What are the various types of deficits in a government budget? Explain each one of them. 10
- (e) What do you mean by compensatory fiscal policy? Bring out the effects of fiscal policy in relation to deflation and unemployment. $5 + 5 = 10$
- (f) Write a note on the principles of federal finance. 10

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