



UNIVERSITY OF THE PUNJAB

Seventh Semester – 2019

Examination: B.S. 4 Years Program

Roll No. in Fig.

Roll No. in Words.

PAPER: Public Finance

Course Code: ECON-403 Part-I (Compulsory)

MAX. TIME: 15 Min.

MAX. MARKS: 10

Signature of Supdt.:

Attempt this Paper on this Question Sheet only.

Please encircle the correct option. Division of marks is given in front of each question.

This Paper will be collected back after expiry of time limit mentioned above.

Q.1. Encircle the right answer, cutting and overwriting is not allowed. (1x10=10)

1. The economic incidence of a unit tax is
 - (a) Generally borne by the buyers.
 - (b) Generally borne by sellers.
 - (c) Generally borne by the government.
 - (d) Independent of the statutory incidence for the tax.
2. A public good is
 - (a) A good that the public must pay for.
 - (b) Non rival in consumption.
 - (c) More costly than a private good.
 - (d) Paid for by the government.
3. Which of the following tax is best example of ability to pay principle of taxes:
 - (a) Excise tax on cigarettes
 - (b) Highway toll tax
 - (c) Proportional sales tax
 - (d) Personal income tax
4. Govt. budget is balanced when:
 - (a) Govt. expenditure outstrips tax receipts
 - (b) Govt. tax receipts outstrips expenditure
 - (c) Government expenditure equals tax revenue
 - (d) None of the above
5. Government finance is called:
 - (a) National finance
 - (b) Public finance
 - (c) Private finance
 - (d) (a) and (b) of above
6. How the government can meet its expenditure:
 - (a) By taxing people.
 - (b) By borrowing from banks and other governments
 - (c) By printing new money
 - (d) By all the three methods
7. Which tax better conforms to the principle of equality in taxation
 - (a) Progressive tax
 - (b) Regressive tax
 - (c) Proportional tax
 - (d) Fixed tax
8. Net taxes are:
 - (a) Domestic taxes minus foreign taxes
 - (b) Business taxes minus personal taxes
 - (c) Total taxes minus govt. transfer payments
 - (d) Total taxes minus govt. purchases
9. Which is not counted as public expenditure?
 - (a) Subsidy given to local city bus service
 - (b) Defense expenditure
 - (c) Investment spending by public companies
 - (d) Interest payment on national debt.
10. Progressive taxes:
 - (a) Increase government revenue
 - (b) Bring equality in distribution of incomes
 - (c) Compel rich people to be honest
 - (d) (a) & (b) of above



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PAPER: Public Finance

Course Code: ECON-403 Part – II

MAX. TIME: 2 Hrs. 45 Min.

MAX. MARKS: 50

ATTEMPT THIS (SUBJECTIVE) ON THE SEPARATE ANSWER SHEET PROVIDED

Q.2. Explain the short questions.

(4 x 5 = 20)

- 1- Income Elasticity of Govt. Expenditures
- 2- Performance Based Budget
- 3- Tax Evasion
- 4- Wagner's Law

Q.3. Explain the detailed questions.

(3 x 10 = 30)

- (i) Define Public Finance. Explain its role in the allocation of resources and redistribution of income and wealth. 10
- (ii) What are the canons of Taxation, discuss in detail. 10
- (iii) Explain with diagram, the effects of a unit specific sales tax on price, quantity and share of tax burden between consumer and producer. 10