

**3 (Sem-6) ECO M 1**

**2 0 1 6**

**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?

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( Turn Over )

( 2 )

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.

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( Continued )

4. Answer any three of the following questions :

10×3=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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