

International Islamic University Chittagong
Department of Economics & Banking
Semester End Examination
Program: BSS(Hons.) in E&B
Semester: Spring-2023

Course Title: Public Finance
Course Code: ECON-3502

Time: 2.5 Hours

Full Marks: 50

[NB: Answer the following questions. All parts of a question must be answered serially. Figures in the right margin indicate full marks.]

QN	Description of Question	Marks	CLOs & PLOs	Cognitive Learning
1(a)	Public Expenditure has been almost doubled in Bangladesh in last one decade. Explain this situation in light of Wagner's Law.	3	CLO-3 CLO-4	Analyze, Evaluate
1(b)	From last year, the government has been implementing a new pay-scale that raised salaries of public employees. What would be the possible impact(s) of the pay-scale on labor supply?	4	PLO-1 PLO-2 PLO-4	
1(c)	In order to protect the biodiversity at Saint Martin island, the Directorate of Environment has planned to construct a 5 meters high statue of a Coral at Saint Martin landing station that symbolizes the importance of coral. For this purpose, government needs to take Tk. 1 million loan from International Union for Conservation of Nature (IUCN). Which canon of expenditure you think is going to be violated through this loan? Justify your answer.	3		
2(a)	Public debt and private debt are different from each other. Justify this statement.	3	CLO-5	Understand,
2(b)	Suppose, in recent year Bangladesh is facing a serious problem of inflation and unemployment. If Govt. has to finance its deficit, which one will be the best among Taxation, Public borrowing and Money creation will be the best?	4	PLO-1 PLO-3 PLO-5	Evaluate
2(c)	"Instead of transferring the burden of debt to just one generation, it can be divided over many generations" Explain the statement with appropriate theory of shifting debt burden.	3		
3(a)	Define budget. What are the types of budget?	2	CLO-5	Understand,
3(b)	Two fundamental problems of the economy are- inflation and unemployment. Through fiscal policy, government tries to solve these problems. Explain how these two problems are created in the economy.	6	PLO-1 PLO-3 PLO-5	Evaluate
3(c)	Money creation is one of the ways to finance excess public expenditure. What are the possible impacts of money creation on the economy?	2		
4(a)	What are the principle forms of death duties? Explain with example.	3	CLO-4	Understand, Analyze,
4(b)	Suppose government has been introducing a new revenue collection structure that raised the tax burden on public. What would be the possible impact(s) of such changes on labor supply? Explain with graph.	4	PLO-1 PLO-2 PLO-4	Create,
4(c)	"Maximum social advantage can be achieved when Public expenditure should be pushed to the point where the satisfaction obtained from the last dollar spent is equal to the satisfaction lost from the last dollar taken in taxes". Explain the statement with appropriate theory and graph.	3		
OR				
4(a)	Explain the impact, incidence and shifting of tax with appropriate example.	3	CLO-4 PLO-1 PLO-2 PLO-4	Understand, Analyze, Create
4(b)	Compare between the benefit principle and the ability-to-pay principle of taxation.	4		
4(c)	Tax is not something arbitrary. It involves some canons. Describe the canons of taxation proposed by Adam Smith.	3		
5(a)	Critically analyze the budget for education sector and Annual Development Program (ADP) in Bangladesh for the fiscal year 2022-2023. And mention the challenges that the govt. faces in these sectors.	10	CLO-5 PLO-1 PLO-3 PLO-5	Analyze.

OR

- 5(a) Differentiate between (any five):
- a) Productive expenditure and unproductive expenditure;
 - b) Voluntary debt and compulsory debt;
 - c) Direct tax and indirect tax;
 - d) Equity and equality;
 - e) Government purchase and government spending; and
 - f) Development budget and non-development budget.

10

CLO-5
PLO-1
PLO-3
PLO-5

Analyze.