

Economics - ICom Part 2 Principles of Economics Chapter 4 Short Questions Preparation

Q1. Write the four basic canons of taxation stated by Prof.Adam Smith.

Ans 1: 1- Canon of equality 2- Canon of certainty

Ans 2: 3- Canon of convenience 4- Canon of economy

Q2. What is meant by indirect tax.

Ans 1: Indirect tax means the tax which is not paid from the pocket on when it is levied, Rather the burden of the tax is shifted to another person. For example sale tax custome duty and excise duty etc.

Q3. Write four sources of non tax revenue of the government.

Ans 1: 1- Fee 2- Price 3- Special assessment 4- Fines

Q4. What is Revenue Budget.

Ans 1: The revenue budget is a budget in which revenue collected from different kinds of taxes is shown.

Q5. Write four difference between public finance and private finance.

Ans 1: 1- Difference in Adjustment of income and expenditure.

Ans 2: 2- Difference in budget period.

Ans 3: 3- Private budget is kept secret while public budget is announced.

Q6. What is meant by Regressive tax.

Ans 1: Regressive tax is opposite to progressive tax. The lower income level is the more rate of tax will be and the higher income level is the less rate of tax will be it means the rate of tax decreases with the increase in income and vice versa.

Q7. What is meant by Balanced Budget.

Ans 1: When the revenues of the government are equal to its expenditures than it is called balanced budget

Q8. What is meant by Proportional tax.

Ans 1: A tax in which the rate of tax remains the same on every level of income is called proportional tax.

Q9. Define Excise Duty.

Ans 1: The tax which is imposed on domestically manufactured goods is called Excise duty.

Q10. What is meant by Public Finance.

Ans 1: Public Finance is that branch of economics, which deals with the revenue and expenditures of the government. It studies the resources of government's revenue and its expenditures.
