

Economics - ICS Part 2 Economics English Medium Chapter 4 Online Short Questions Test

Q1. Define Public Finance in the words of Prof. Dalton.
Ans 1: Public Finance deals with government's revenue and expenditure and it studies how government maintains balance between its revenue and revenue and expenditure.
Q2. What is meant by prograssive tax.
Ans 1: A tax in which rate of tax increases with the increase of level of income is called progressive tax. In Pakistan income tax is progressive tax.
Q3. Write four points of similarities between public finance and private finance.
Ans 1: 1- Balane between income and expenditure.
Ans 2: 2- Maximum utlization of scarece means.
Ans 3: 3- Need of loans. 4- Increase in income trough investment.
Q4. Write four sources of tax revenue of the government.
Ans 1: 1- Custom duty 2- Excise duty 3- Income tax and corporate tax
Ans 2: 4- Sales tax.
Q5. What is meant by direct tax.
Ans 1: Direct tax means the tax which is paid from the pocket of the person on when it is levied. It means the incidence and impact of the tax is one the same person income tax, peoperty tax and wealth tax are the examples of this kind of tax.
Q6. 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.

- Q7. What is meant by surplus budget.
 - Ans 1: When the revenue of the government is more then its expenditures, thenitis called surplus budget.
- Q8. 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 adn its expenditures.
- Q9. Write the four basic canons of taxation stated by Prof.Adam Smith.
 - Ans 1: 1- Canon of equality 2- Canon of certainity
 - Ans 2: 3- Canon of convenience 4- Canon of economy
- Q10. Define canon of taxation " canon of convenience" according to Prof. Adam smith.
 - **Ans 1:** According to Prof. Adam Smith tax should be levied on the time when the taxpayer can easily pary it. Therefore it is necessary that tax should be collected in installment and at the time when tax payers get their incomesor salaries.