

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

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. Write four heads of public expenditure.

**Ans 1:** 1- Defence 2- Police 3- Civil administration 4- Courts.

Q3. What is meant by direct tax.

**Ans 1:** Direct tax means the tax which is paid from the pocket of the person on whom it is levied. It means the incidence and impact of the tax is on the same person. Income tax, property tax and wealth tax are the examples of this kind of tax.

Q4. What is meant by budget.

**Ans 1:** Account of income and expenditure is called budget.

Q5. What is meant by Fee.

**Ans 1:** The government provides some direct services to the people and charges money in return for these services. It is called fee.

Q6. 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 expenditure.

Q7. What is the difference between impact and incidence of tax.

**Ans 1:** Impact of tax means imposing of tax on a person by the government and collecting from him, while incidence of tax means the burden of tax. Because it is not necessary that if a tax is imposed on some person, the burden of tax will also fall on him.

Q8. Write four points of similarities between public finance and private finance.

**Ans 1:** 1- Balance between income and expenditure.

**Ans 2:** 2- Maximum utilization of scarce means.

**Ans 3:** 3- Need of loans. 4- Increase in income through investment.

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Q9. What are kinds of public expenditures.

**Ans 1:** 1- Development of expenditures 2- Non development expenditures.

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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.

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