

Worksheet 1 Public Finance

Q1) Define Public Finance.

Ans 1:- Public finance means that part of economics where we discuss the revenue and expenditure operation of the government.

Q2) Point out the similarities and dissimilarities between public finance and private finance.

Ans 2:- Dissimilarities:-

(i) Adjustment of income and expenditure:- An individual adjust his expenditure according to his income by the government adjust income to expenditure

(ii) Nature of resources: - The resources of an individual are more or less limited while those of the government are vast.

Similarities:-

(i) Same objective: - Both the government and the individual have broadly the same objective that is satisfaction of human wants.

(ii) Limited resources: - Both Government and individual house limited resources at their disposal for spending both of them try to make the best use of this limited resources.

Q3) What is Public Finance in positive Aspect?

Ans 3: - Public finance in its positive aspect, public finance is concerned only with sources of public revenue, items of public expenditure, and constitutions of budget.

Q4) Discuss the nature of public finance in its normative science.

Ans 4: - Public finance in the normative aspect, norms and standards of government's financial operations are laid down. The basic norm of public finance is economic welfare. Thus, as normative science, public finance deals with the welfare aspects of the fiscal policy.

Q5) Discuss the importance of public finance in an economy.

Ans 5: - -> Fiscal operations and fiscal policies have their impact on nation output and income.

->Public finance is used to secure equal distribution of income and wealth

Q6) Define fiscal policy. Explain any two objectives of the fiscal policy in a developing economy.

Ans 6: - Fiscal policy is a policy under which government uses its expenditure and revenue programs to produce desirable effects on the national income, output and employment.

Two objectives of fiscal policy:-

(i) To mobilize resources for investment.

(ii) To redistribute the increasing national income.