



**PRACTICE SET**  
**End Semester Examination, December, 2025**

**Program: B. Com.**

**Semester: I**

**Subject: Public Finance & Taxation**

**Subject Code: 32ACC103**

---

**Course Learning Objective:**

CLO 1: Understand the fundamentals of public finance, differentiate between private and public finance, grasp the role of the state in fiscal matters, analyze budgetary frameworks and fiscal policy instruments

CLO 2: To provide students with a comprehensive understanding of the various sources of revenue available to governments, focusing primarily on taxation.

CLO 3: A comprehensive understanding of the causes, types, principles, and effects of government spending.

CLO 4: A comprehensive understanding of the tax structure, tax authorities, constitutional provisions, and key terminology related to taxation in India.

**Course Outcome:**

On completion of the Course, the students will be able to:

CO 1: Develop the ability to evaluate fiscal policies' effectiveness, make informed recommendations, and contribute meaningfully to discussions on economic management and welfare.

CO 2: To elucidate the social and economic objectives of taxation and explore the characteristics of an ideal tax system.

CO 3: To elucidate the principles underlying public expenditure decisions and analyze its effects on production, distribution, income, and employment.

CO 4: Gain understanding of the tax structure in India, including direct and indirect taxes levied by central and state governments, and local authorities.

## SECTION A

### Question for Five (5) marks:

1. Define public finance. Mention its important Characteristics. [CO1, Unit I, BTL – LOT, Remember]
2. Explain the term budget. What are its main features? [CO1, Unit I, BTL – LOT, Understand]
3. Explain the properties of fiscal policy of India. [CO1, Unit I, BTL – LOT, Remember]
4. Describe the objectives of Public finance. [CO1, Unit I, BTL – LOT, Remember]
5. Explain the main objectives of the Government budget. [CO1, Unit I, BTL – LOT, Remember]
6. State the Classification of taxes in your own words. [CO2, Unit II, BTL – LOT, Remember]
7. Discuss the main reasons behind the increase in public expenditure. [CO2, Unit II, BTL – LOT, Understand]
8. State the differences between Development and Non – Development Expenditure. [CO2, Unit II, BTL – LOT, Remember]
9. Describe public revenue. What are its main sources? [CO2, Unit II, BTL – LOT, Remember]
10. Explain the social and economic objectives of taxation in a developing country like India. [CO2, Unit II, BTL – LOT, Understand]
11. Explain the main objective of taxation in India. [CO3, Unit III, BTL – LOT, Remember]
12. The Government, under Ujjwala Yojana, is providing free LPG kitchen gas connections to the families below the poverty line. What objective the government is trying to fulfil through the government budget and how? Explain. [CO3, Unit III, BTL – LOT, Understand]
13. Discuss the main overview of tax structure in India. [CO3, Unit III, BTL – LOT, Remember]
14. Define the following terms –
  - a) Assessment Year,
  - b) Previous year,
  - c) Gross total income,
  - d) Capital Gain,
  - e) Advance tax. [CO4, Unit IV, BTL – LOT, Remember]

15. Define agricultural and non – agricultural income under income tax act, 1961. [CO4, Unit IV, BTL – LOT, Remember]
16. Define causal income. Give some examples of causal income. [CO4, Unit IV, BTL – LOT, Remember]
17. Mr. Ankit (age: 31 years) has non-agricultural income of ₹ 4,20,000 and agricultural income of ₹ 6,60,000 for the P/Y 2022-23. He deposits ₹ 40,000 in PPF account. Calculate his tax liability for A/Y 2023-24. [CO4, Unit IV, BTL – LOT, Apply]

### **SECTION B**

#### **Question for Ten (10) marks:**

18. Define balanced government budget. Explain the multiplier effect of a balanced budget. [CO1, Unit I, BTL – LOT, Remember]
19. Reduction in income inequalities raises welfare of the people. Explain how can government help through government budget? [CO1, Unit I, BTL – HOT, Analyze]
20. Describe the term fiscal policy. Explain the types of fiscal policy. [CO1, Unit I, BTL – LOT, Remember]
21. Explain the major principles of Public Expenditure with proper examples. [CO1, Unit I, BTL – LOT, Understand]
22. Explain the main instruments to measure the fiscal policy. [CO1, Unit I, BTL – LOT, Understand]
23. Explain which has a larger effect on aggregate demand: an increase in government expenditure or an equal-sized decrease in taxes? Explain your answer. [CO2, Unit II, BTL – HOT, Analyze]
24. Classify the following as revenue receipts and capital receipts. Give reasons.
  - (i) Loans recovered from Public sector enterprises.
  - (ii) License and court fees received by the Government in the year 2014 - 15.
  - (iii) Loan taken from USA for the infrastructural developments.
  - (iv) Sale of shares held by Government in a PSU.
  - (v) Financial help from Microsoft for the victims of flood affected areas.
  - (vi) Amount borrowed from Japan for construction of Metro.
  - (vii) Dividend received by Government from a company.
  - (viii) Funds raised from public in the form of National Saving Certificates.
  - (ix) Sale of 40 % shares of a public sector undertaking to a private enterprise.
  - (x) Profits of LIC, a public enterprise. [CO2, Unit II, BTL – HOT, Analyze]

25. Describe the various sources of Public revenue. [CO2, Unit II, BTL – LOT, Understand]
26. Explain the causes of growth of public expenditure in recent years. [CO2, Unit II, BTL – LOT, Understand]
27. Evaluate how public expenditure can help in reducing unemployment and promoting development. [CO2, Unit II, BTL – HOT, Evaluate]
28. Explain the role of direct and indirect taxes in a developing economy. [CO3, Unit III, BTL – LOT, Understand]
29. Discuss the main principles of taxation system in India. [CO3, Unit III, BTL – LOT, Understand]
30. Explain the Taxability under Income Tax Slab Under New Regime. [CO3, Unit III, BTL – LOT, Understand]
31. Describe Central board of Direct Taxes (CBDT) and what are its functions? [CO3, Unit III, BTL – LOT, Understand]
32. Explain briefly types of Agricultural income under income tax act, 1961. [CO4, Unit IV, BTL – LOT, Understand]
33. Explain Features and differences between Tax evasion, Tax avoidance and Tax Planning. [CO4, Unit IV, BTL – LOT, Understand]
34. Define Person and Assessee under income tax act 1961. [CO4, Unit IV, BTL – LOT, Remember]
35. Explain PAN (Permanent Account Number). Is to mandatory to have a PAN? [CO4, Unit IV, BTL – HOT, Analyze]
36. Explain critically the Application and Diversion of income under income tax act, 1961. [CO4, Unit IV, BTL – HOT, Analyze]
37. Explain can the issue of the efficiency of a tax system correlate significantly with the issue of a socially just tax system? [CO4, Unit IV, BTL – HOT, Analyze]

### SECTION C

**Question for Twenty (20) marks:**

38. Fiscal Policy is the use of Government spending and taxation to influence the level of economic activity. In theory, fiscal policy can be used to prevent inflation and avoid recession. But, in practice, there are many limitations to using fiscal policy. Discuss the statement. [CO1, Unit I, BTL – HOT, Analyze]
39. “Public finance is more concerned with social welfare than profit maximization.” Analyze this statement with suitable examples. [CO1, Unit I, BTL – HOT, Analyze]
40. In the government of India's budget for the year 2013- 14, the Finance Minister proposed to raise the Goods and Services Tax (GST) on cigarettes. He also proposed to increase income tax on individual earning more than Rupee one crore per annum. Identify and explain the types of taxes proposed by the Finance Minister. Was the objective only to earn revenue for the government? What possible welfare objectives could the Government be considering? [CO2, Unit II, BTL – HOT, Analyze]
41. Examine the essential characteristics of a good tax system and evaluate how far the Indian tax system fulfills these features. [CO2, Unit II, BTL – HOT, Evaluate]
42. Analyze the relevant articles in the Constitution related to direct taxation in India. [CO3, Unit III, BTL – HOT, Analyze]
43. Mrs. Sonia (age: 71 years) submits the following information for the A/Y 2023-24:

Particulars	Amount
House property income	4,80,000
Income from other sources	27,000
Income from the business of growing and manufacturing tea in India (gross)	3,00,000
Expenditure on growing and manufacturing tea	35,000
Income from a farm house	50,000
Contribution towards National Saving Certificate VIII issue	60,000

Compute her tax liability for the A/Y 2023-24. [CO4, Unit IV, BTL – HOT, Evaluate]

## Summary:

### CO Wise:

CO	Ques. No	Marks
CO1	1,2,3,4,5,18,19,20,21,22,38,39	115
CO2	6,7,8,9,10,23,24,25,26,27,40,41	115
CO3	11,12,13,28,29,30,31,42	75
CO4	14,15,16,17,32,33,34,35,36,37,43	100

### Unit Wise:

Unit	Ques No	Marks
I	1,2,3,4,5,18,19,20,21,22,38,39	115
II	6,7,8,9,10,23,24,25,26,27,40,41	115
III	11,12,13,28,29,30,31,42	75
IV	14,15,16,17,32,33,34,35,36,37,43	100

### Blooms Taxonomy Level (BTL) Wise

BTL	Ques No	Marks
LOT	1,2,3,4,5,6,7,8,9,10,11,12,13,14,15,16,17,18,20,21,22,25,26,28,29,30,31,32,33,34	215
HOT	19,23,24,27,35,36,37,38,39,40,41,42,43	190

Prepared By: Neeraj Kumar Poddar

**Disclaimer:** - This is a Practice Set. The Question in End term examination will differ from the Practice set. This Practice set is meant for practice only.