Time: Three Hours

Maximum: 30 Weightage

SIXTH SEMESTER B.A. DEGREE EXAMINATION, MARCH/APRIL 2015

(U.G.—CCSS)

Core Course—Economics

EC 6B 12/DEC 6B 12—PUBLIC FINANCE

Answers may be written either in English or in Malayalam.

Section A

Answer all twelve questions.

I. Multiple Choice Questions

1 The main difference between Public and Private Finance is:

- (a) Balance of Income-Expenditure.
- (b) Coerciveness of fiscal power to raise income.
- (c) Dissaving.
- (d) Borrowings.

2 Private goods have the features of:

- (a) Rivalry and Excludability.
- (b) Privateness and profitableness,
- (c) Non-rivalry and non-excludability.
- (d) None of these.

3 Tax shifting refers to:

- (a) Imposing tax.
- (b) Avoiding of tax.
- (c) Shifting of tax burden from one person to another.
- (d) None of these.

4 Which of the following is an example of direct tax?

- (a) Income tax.
- (b) Sales Tax.
- (c) VAT.
- (d) Excise duties.

II. Fill in the Blanks:

- 5 Budget is an instrument of ——— policy.
- 6 If the rate of tax falls with an increase in income, it is called _____ Tax.
- 7 is the final resting place of the burden of tax.
- 8 ____ is the exponent of the Law of Increasing State Activities.

III. Answer in a word/sentence:

- 9 Goods which have the features of non-rivalry and non-excludability.
- 10 The process by which the maturing bonds are replaced by new bonds.
- 11 The tax where the rate of tax increases with increase in income.
- 12 The loans raised by the government within the country or outside the country.

 $(12 \times 4 = 3 \text{ weightage})$

Section B

Answer all nine questions.

Short answer type questions:

- 13 Define merit goods.
- 14 What is meant by non-tax revenues?
- 15 What is Value Added Tax?
- 16 What is meant by Sinking Fund?
- 17 What do you understand by the term, 'impact of a tax'?
- 18 What is meant by Fiscal Deficit?
- 19 What do you mean by Deficit Financing?
- 20 What is meant by Local Finance?
- 21 What is Fiscal Federalism?

 $(9 \times I = 9 \text{ weightage})$

Section C

Answer any **five** out of seven.

Short essay or paragraph questions:

- 22 Explain the scope of Public Finance.
- 23 Distinguish between Public Finance and Private Finance.

- 24 Explain the canons of Public Expenditure.
- 25 What are the sources of Non-Tax Revenues in India?
- 26 Explain the methods of Debt. Redemption.
- 27 Briefly explain the Principle of Maximum Social Advantage.
- 28 Briefly explain the principles of Federal Finance.

 $(5 \times 2 = 10 \text{ weightage})$

Section D

Answer any two from three. Essay type questions.

- 29 Trace the causes of enlarging public expenditure in modern times.
- 30 Distinguish between direct and indirect taxes and point out their merits and demerits.
- 31 Explain the major principles of taxation.

 $(2 \times 4 = 8 \text{ weightage})$