

D 40201-A

(Pages : 4)

Name.....

Reg. No.....

SIXTH SEMESTER B.A. DEGREE EXAMINATION, MARCH/APRIL 2018

(CUCBCSS—UG)

Economics

ECO 6B 13—PUBLIC FINANCE

(Multiple Choice Questions for SDE Candidates)

Time : 15 Minutes

Total No. of Questions : 20

Maximum : 20 Marks

INSTRUCTIONS TO THE CANDIDATE

1. This Question Paper carries Multiple Choice Questions from 1 to 20.
2. The candidate should check that the question paper supplied to him/her contains all the 20 questions in serial order.
3. Each question is provided with choices (A), (B), (C) and (D) having one correct answer. Choose the correct answer and enter it in the main answer-book.
4. The MCQ question paper will be supplied after the completion of the descriptive examination.

ECO 6B 13—PUBLIC FINANCE

(Multiple Choice Questions for SDE Candidates)

1. The ultimate resting place of the burden of a tax payment is called :
(A) Impact. (B) Incidence.
(C) Shifting. (D) None.
2. People with similar income should pay the same amount of tax follows :
(A) Horizontal equity. (B) Vertical equity.
(C) Diagonal equity. (D) None.
3. Pump Priming is related with :
(A) Monetary policy. (B) Income policy.
(C) Price policy. (D) Fiscal policy.
4. The debts which the government promises to pay off at a specified date are called :
(A) Irredeemable debts. (B) Funded debts.
(C) Redeemable debts. (D) Unfunded debts.
5. Unfunded debts are also known as :
(A) Funded debts. (B) Floating debts.
(C) Irredeemable debts. (D) None.
6. A tax that can be shifted is called :
(A) Direct tax. (B) Progressive tax.
(C) Indirect tax. (D) None.
7. Adolph Wagner was a ————— Economist :
(A) French. (B) German.
(C) Indian. (D) American.
8. Deficit financing as a tool of fiscal policy was suggested by :
(A) Keynes. (B) Dalton.
(C) J.B. Say. (D) Marshall.

9. "The government which taxes the least is the best", is the belief of :
- (A) Mercantilists. (B) Physiocrats.
(C) Modern. (D) Classical.
10. Incidence of a tax refers to the ————— burden of tax :
- (A) Initial. (B) Ultimate.
(C) Intermediate. (D) None.
11. Advalorem duties are levied on :
- (A) Length. (B) Weight.
(C) Utilities. (D) Value.
12. Which of the following is not a Commodity Tax :
- (A) Excise Duty. (B) Customs duties.
(C) Corporation Tax. (D) Octroi.
13. Displacement effect is associated with :
- (A) Financial Administration. (B) Public Expenditure.
(C) Public Debt. (D) Budget.
14. Author of 'General Theory of Employment, Interest and Money.
- (A) Dalton. (B) Marshal.
(C) Keynes. (D) Musgrave.
15. Who is the exponent of Law of Increasing State Activities ?
- (A) Dalton. (B) Pigou.
(C) Smith. (D) Wagner.
16. The most accepted theory of taxation in modern times :
- (A) Benefit theory. (B) Cost of service.
(C) Financial Theory. (D) Ability theory.

Turn over

17. A budget where there is excess of expenditure over revenue is called :
- (A) Surplus. (B) Deficit.
(C) Balanced. (D) Zero-based.
18. The Law of Increasing State Activity was propounded by :
- (A) Musgrave. (B) Colin Clark.
(C) Adam Smith. (D) Adolph Wagner.
19. The Benefit Principle of taxation states that tax should be paid in proportion to :
- (A) Income. (B) Expenditure.
(C) Benefit. (D) Utility.
20. Corporate Income tax is the tax levied on :
- (A) Corporations. (B) Municipalities.
(C) Co-operative societies. (D) Companies.

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Economics

ECO 6B 13—PUBLIC FINANCE

Time : Three Hours

Maximum : 80 Marks

Answers may be written either in English or in Malayalam.

Part A

Answer all questions.

Each question carries ½ marks.

1. Excise duty was first levied in :
(a) 1884. (b) 1854.
(c) 1984. (d) 1864.
2. Entertainment tax is levied on :
(a) State govt. (b) Central govt.
(c) Municipalities. (d) Local govt.
3. The term Functional finance was given by :
(a) Dalton. (b) Smith.
(c) A.P Lerner. (d) Higgins.
4. Tax imposed on punishment for infringement of laws.
(a) Forfeitures. (b) Escheat.
(c) Fines and Penalties. (d) None of these.
5. Income received by government through administration is called :
(a) Tax revenue. (b) Non tax revenue.
(c) Public revenue. (d) Private revenue.
6. Canon of productivity introduced by :
(a) Charles F Bastable. (b) Smith.
(c) Pigou. (d) Seligman.

Turn over

7. A tax paid by a person on whom it is imposed is :
- (a) Direct tax. (b) Indirect tax.
(c) Progressive tax. (d) None of these.
8. Canon of equity was given by :
- (a) Adam smith. (b) Musgrave.
(c) Pigou. (d) Wagner.
9. Tax rate is mildly progressive up to a certain limit is called :
- (a) Degressive Taxes. (b) Progressive taxes.
(c) Proportional tax. (d) None of these.
10. Important policy decisions with regard to public debt.
- (a) Redemption of public debt. (b) Repudiation.
(c) Public debt management. (d) None of these.
11. Tax levied on income of corporations.
- (a) Income tax. (b) Corporate income tax.
(c) Capital gains tax. (d) None of these.
12. A tax which is levied on net wealth of an individual.
- (a) Capital gains tax. (b) wealth tax.
(c) Expenditure tax. (d) Property tax.

(12 × ½ = 6 marks)

Part B (Very Short Answer Questions)

*Answer any ten questions.
Each question carries 2 marks.*

13. Explain single point tax and multipoint tax.
14. What is tax avoidance ?
15. Explain progressive and proportional taxation.
16. What is public finance ?
17. What is public expenditure ?
18. What are the Adam smith canons of taxation ?

19. What is black money ?
20. Explain stamp duty and registration fees.
21. Explain expenditure tax.
22. Explain Canon of economy of public expenditure.
23. What are the similarities between public finance and private finance ?
24. What are the characteristics of a good tax system ?

(10 × 2 = 20 marks)

Part C (Short Essay Questions)

*Answer any **six** questions.
Each question carries 5 marks.*

25. Explain the causes of public debt.
26. Distinguish between balanced and unbalanced budget.
27. What are the merits and demerits of direct taxes ?
28. Explain Wiseman peacock hypothesis of public expenditure.
29. What are the recommendations of fourteenth finance commission ?
30. What are the sources of local finance ?
31. What are the features of India's public debt ?
32. Explain the characteristics of Zero Based Budgeting.

(6 × 5 = 30 marks)

Part D (Essay Questions)

*Answer any **two** questions.
Each question carries 12 marks.*

33. What is public expenditure and what are the Effects of public expenditure on production and distribution.
34. Explain comparison of private debt and public debt and what are the causes of Public debt in India are.
35. Describe the principles of Federal finance and illustrate the central state relationship.
36. Explain the features and shortcomings of Indian tax system.

(2 × 12 = 24 marks)