



Reg. No. :

Name :

VI Semester B.A. Degree (CCSS-Reg./Supple./Improv.)
Examination, May 2015
CORE COURSE IN ECONOMICS/DEVELOPMENT ECONOMICS
6B15 ECO : Public Finance
(2012 Admn.)

Time: 3 Hours

Max. Weightage : 30

Instruction : Answers may be written in English or in Malayalam.

PART – A

Objective type questions (in bunches of **two**). Choose the correct answer.

- I. 1) The law of increasing State Activity was propounded by

A) Musgrave	B) Colin Clark
C) Adam Smith	D) Adolph Wagner
 - 2) Expenditure Tax for India was recommended by

A) Kaldor	B) Colin Clark
C) Adam Smith	D) Adolph Wagner
 - 3) Which one of the following is Adam Smith's Canon of Taxation ?

A) Productivity	B) Certainty
C) Flexibility	D) Stability
 - 4) Public Goods are

A) Excludable	B) Non-excludable
C) Marketable	D) All of these
- (Weightage1)**
- II. 5) Which of the following is the major source of revenue in India ?

A) Direct tax	B) Capital levy
C) Grants in aid	D) Indirect tax



6) Who is the father of Public Finance ?

- A) Dalton
B) Pigou
C) Smith
D) Musgrave

7) The Displacement effect hypothesis was formulated by

- A) Peacock and Wiseman
B) Pigou
C) Smith
D) Musgrave

8) Redemption of public debt means

- A) Repayment of debt
B) Repayment of FDI
C) Additional borrowing
D) Deficit financing

(Weightage 1)

PART – B

Short answer questions. Answer **any ten** of the following questions not exceeding **50 words each**. **Each** question carries **1** weightage.

9. Define public revenue.
10. Public good.
11. Externalities.
12. Non tax revenue.
13. Proportional tax.
14. Specific taxes.
15. Incidence.
16. Public debt.
17. Deficit financing.
18. Forward shifting.
19. Zero base budgeting.
20. Direct taxes.

(Weightage 1×10)



PART – C
(Short Essay)

Answer **any five** not exceeding **150** words **each**. **Each** question carries **2** weightage.

21. Examine the nature and scope of public finance.
22. Canons of Taxation.
23. Distinguish between progressive, proportional and regressive taxes.
24. Write a short note on VAT.
25. Examine the concepts of impact, incidence and shifting of taxes.
26. Examine the effects of taxes on production and distribution.
27. Examine the canons of public expenditure.

(Weightage 2×5)

PART – D
(Long Essay)

Answer **any two** questions not exceeding **450** words. **Each** question carries **4** weightage.

28. Examine the principle of maximum social advantage.
29. Reasons for the growth of public expenditure.
30. Explain debt redemption. Explain the different methods of debt redemption.
31. Examine the objectives of fiscal policy.

(Weightage 4×2)