



Reg. No. :

Name :

VI Semester B.A. Degree (CCSS – Reg./Supple./Improv.)

Examination, May 2016

Core Course in Economics/Development Economics

6B15 ECO : Public Finance

(2012 Admn. Onwards)

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) In proportional tax system, the rates of tax remain
 A) Constant B) Increasing
 C) Decreasing D) Zero
- 2) Corporate Income tax is the tax levied on
 A) Corporations B) Municipalities
 C) Co-operative societies D) Companies
- 3) Deficit financing is related to
 A) Fiscal Policy B) Monetary policy
 C) Trade policy D) Industrial policy
- 4) Direct taxes are
 A) Proportional B) Regressive
 C) Digressive D) Progressive
- II. 5) The theory of Maximum Social Advantage was given by
 A) Marshall B) Dalton C) Musgrave D) Mill
- 6) Who is the exponent of Law of Increasing State Activities
 A) Dalton B) Pigou C) Smith D) Wagner

(Weightage 1)

P.T.O.



- 7) A budget where there is excess of expenditure over revenue is called
 A) Surplus B) Deficit C) Balanced D) Zero-based
- 8) Sales tax is levied by
 A) State Government B) Central Government
 C) Local Government D) All of these **(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) Tax.
- 10) Private good.
- 11) Escheats.
- 12) Degressive tax.
- 13) Advalorem taxes.
- 14) Shiting.
- 15) Sinking fund.
- 16) Balanced budget.
- 17) Public finance.
- 18) Debt redemption.
- 19) Displacement effect.
- 20) Fiscal policy. **(Weightage 1×10)**

PART - C

(Short Essay)

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

- 21) Distinguish between public and private finance.
- 22) Explain externalities.



- 23) Examine the merits and demerits of Proportional taxation.
- 24) Examine taxable capacity. What are the factors determining taxable capacity ?
- 25) What is shifting of taxes ? Explain the process of forward and backward shifting.
- 26) Examine the Wagner's hypothesis.
- 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) Explain Peacock Wiseman Hypothesis of increasing state activity.
- 29) Sources of public revenue.
- 30) Define public debt. What are the different forms of public debt. ?
- 31) Examine the principles of federal finance. **(Weightage 4×2)**