



Reg. No. : .....

Name : .....

**VI Semester B.A. Degree (CCSS – Supple./Improv.)**  
**Examination, May 2017**  
**CORE COURSE IN ECONOMICS/DEVELOPMENT ECONOMICS**  
**6B15 ECO : Public Finance**  
**(2012 – 13 Admns.)**

Time : 3 Hours

Weightage : 30

## PART – A

Objective type questions (in bunches of **two**) :

Choose the correct answer :

- I. 1) The benefit principle of taxation states that tax should be paid in proportion to  
 A) Income                      B) Expenditure      C) Benefit                      D) Utility
- 2) Education is an example of  
 A) Public good                      B) Merit good                      C) Club good                      D) Social good
- 3) Which one of the following is not a method for redeeming public debt ?  
 A) Sinking fund                      B) Capital levy  
 C) Terminal annuities                      D) Grants in aid
- 4) Which of the following is common between private and public Expenditure ?  
 A) Maximum satisfaction                      B) Minimum Expenditure  
 C) Profit motive                      D) Social welfare                      **Weightage 1**
- II. 5) Displacement effect is associated with  
 A) Financial Administration                      B) Public Expenditure  
 C) Public Debt                      D) Budget
- 6) Special Assessment means  
 A) A levy on special benefits                      B) General tax on all people  
 C) A periodical tax                      D) Gift tax



- 7) Non-exclusion principle is related to  
 A) Private goods B) Public goods C) Merit goods D) Mixed goods
- 8) The financial year in India starts from  
 A) 1<sup>st</sup> January B) 31<sup>st</sup> March C) 1<sup>st</sup> April D) 1<sup>st</sup> July

**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) Private finance
- 10) Special assessments
- 11) Progressive tax
- 12) VAT
- 13) Public expenditure
- 14) Budget
- 15) Deficit financing
- 16) Fiscal policy
- 17) Zero base budgeting
- 18) Displacement effect
- 19) Forward shifting
- 20) Advalorem taxes.

**(Weightage 1×10=10)**

**PART – C**

**(Short Essay)**

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

- 21) Distinguish between public good and private good.
- 22) Distinguish between tax and non tax revenue.



- 23) Distinguish between direct and indirect tax.
- 24) Examine the factors determining the incidence and shifting of taxes.
- 25) Effects of public expenditure in production and distribution.
- 26) Examine the canons of public expenditure.
- 27) Examine the principles of federal finance.

**(Weightage 2×5=10)**

**PART – D**

**(Long Essay)**

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

- 28) Explain Peacock Wiseman Hypothesis.
- 29) Differentiate between direct and indirect taxes. Examine the merits and defects of direct and indirect taxes.
- 30) Explain debt redemption. Explain the different methods of debt redemption.
- 31) Explain budget. Examine the different types of budget.

**(Weightage 4×2=8)**