

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

(U.G.—CCSS)

Core Course—Economics

EC 6B 12/DEC 6B 12—PUBLIC FINANCE

Time : Three Hours

Maximum : 30 Weightage

*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) Privatness 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.

**Turn over**

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 × ¼ = 3 weigh

**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 × 1 = 9 weigh

**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 × 2 = 10 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 × 4 = 8 weightage)