

SIXTH SEMESTER B.A. DEGREE EXAMINATION, MARCH 2017

(CUCBCSS—UG)

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 mark.*

1. Sinking fund is a method of :

(a) Shifting of tax.	(b) Refunding.
(c) Redeeming public debt.	(d) None of these.
2. Capital levy is :

(a) Tax on commodity.	(b) Tax on property.
(c) Tax on production.	(d) Tax on consumption.
3. Budget where there is excess of expenditure over revenue is called :

(a) Surplus.	(b) Deficit.
(c) Balanced.	(d) Zero based.
4. If the tax rate increases with the higher level of income is called :

(a) Regressive tax.	(b) Indirect tax.
(c) Progressive tax.	(d) None of these.
5. Special assessment is form of :

(a) Tax revenue.	(b) Public debt.
(c) Non-tax revenue.	(d) None of these.
6. Voluntary Disclosure scheme is related to :

(a) Public debt.	(b) Taxation.
(c) Black money.	(d) Public expenditure.

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7. Estate duty is related to :
- (a) Wealthtax. (b) Property.
(c) Death duty. (d) Expenditure tax.
8. Who called maximum advantage as maximum aggregate welfare ?
- (a) Dalton. (b) Adam Smith.
(c) Pigou. (d) None of these.
9. Introduction of MODVAT is related to :
- (a) Local finance. (b) Federal finance.
(c) Long term fiscal policy. (d) None of these.
10. Tax is levied on income of corporations is called :
- (a) Income tax. (b) Capital gains tax.
(c) Corporate income tax. (d) None of these.
11. Tax on agriculture is related to :
- (a) Cost of service theory. (b) Principle of equity.
(c) Physiocratic theory. (d) None of these.
12. Functional finance is related to :
- (a) Adam Smith. (b) A.P. Lerner.
(c) Pigou. (d) Dalton.

(12 × ½ = 6 marks)

Part B (Very Short Answer Questions)

Answer any ten questions.

Each question carries 2 marks.

13. Write a note on long term Fiscal Policy.
14. What are the objectives of deficit financing ?
15. Explain productive and unproductive expenditure.
16. What is displacement effect ?
17. What are the characteristics of a tax ?
18. What is an indirect tax ?
19. Explain regressive taxation.

20. What is taxable capacity ?
21. Explain diffusion theory of incidence.
22. What are the advantages of an income tax ?
23. Explain refunding and repudiation.
24. Explain voluntary disclosure scheme.

(10 × 2 = 20 marks)

Part C (Short Essay Questions)

Answer any **six** questions.

Each question carries 5 marks.

25. Explain canons of public expenditure.
26. Differentiate public finance and private finance.
27. Explain principles of taxation.
28. What are the sources of public revenue ?
29. Explain the principles of public debt management.
30. What are the merits and demerits of sales tax ?
31. What are the causes of black money ?
32. Explain the arguments in favour of progressive taxation.

(6 × 5 = 30 marks)

Part D (Essay Questions)

Answer any **two** questions.

Each question carries 12 marks.

33. Explain local finance in India. What are its functions and problems ?
34. What is meant by tax and what are the types of taxation.
35. What is finance commissions and examine the major recommendations and functions of commissions.
36. Explain the effects of public expenditure on the economy of India.

(2 × 12 = 24 marks)