



M 5907

Reg. No. :

Name :

VI Semester B.A. Degree (CCSS – Regular/Supple./Improv.)
Examination, May 2014
CORE COURSE IN ECONOMICS/DEVELOPMENT ECONOMICS
6B 15 ECO : Public Finance

Time : 3 Hours

Weightage : 30

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

PART – A

Objective Type questions (In bunches of two).

I. 1) Non-rivalry is seen in the case of

- | | |
|------------------|-----------------|
| a) Private goods | b) Public goods |
| c) Merit goods | d) Mixed goods |

2) Voluntary Exchange Theory was given by

- | | |
|------------------------|------------------------|
| a) Musgrave and Keynes | b) Prest and Samuelson |
| c) Bowen and Lindahl | d) Bowen and Hicks |

3) Escheat is a form of

- | | |
|----------------|--------------------|
| a) Tax revenue | b) Non-tax revenue |
| c) Public debt | d) Debt redemption |

4) Equity-efficiency criteria is satisfied by

- | | |
|-----------------------------|---------------------------------|
| a) Equal total sacrifice | b) Equal proportional sacrifice |
| c) Equal marginal sacrifice | d) Equi-marginal utility |

(Weightage : 1)

P.T.O.



II. 5) Entertainment tax is collected by _____

- | | |
|-----------------------|---------------------|
| a) Central government | b) State government |
| c) Local government | d) All of the above |

6) Repudiation is a form of _____

- | | |
|--------------------|--------------------|
| a) Tax exemption | b) Non-tax revenue |
| c) Debt redemption | d) Tax imposition |

7) Imposing fine is one method of raising

- | | |
|-----------------------|--------------------|
| a) Tax revenue | b) Non-tax revenue |
| c) Public expenditure | d) Public debt |

8) Wealth tax in India was introduced on the basis of recommendations made by

- | | |
|------------------|---------------------|
| a) Raja Chelliah | b) Nicholas Kaldor |
| c) Ursula Hicks | d) Richard Musgrave |

(Weightage : 1)

PART – B

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

9. Define externalities.
10. What is a budget ?
11. What are mixed goods ?
12. State the principle of equity in taxation.
13. What is meant by optimal taxation ?
14. Differentiate progressive and proportional taxation.
15. Distinguish between Customs duty and excise duty.
16. What is meant by zero base budgeting ?



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17. What is cost of service theory of taxation ?
18. State the meaning of special assessment.
19. What are built-in stabilisers ?
20. Give an account of stabilisation function.

(Weightage : 1×10)

PART - C

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

21. What are the budgetary functions ?
22. What are the sources of non-tax revenue ?
23. State the meaning and type of taxable capacity.
24. What is meant by shifting of tax burden ?
25. State Peacock-Wiseman hypotheses.
26. Give the arguments for progressive taxation.
27. What is a Laffer curve ?

(Weightage : 2×5)

PART - D

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

28. Explain the effects of taxation on production and distribution.
29. What is meant by fiscal policy ? State the role of fiscal policy in developing economics.
30. State Musgrave's theory of tax incidence.
31. Explain the principles of federal finance giving the centre-State financial relations.

(Weightage : 4×2)