

**SIXTH SEMESTER B.A. DEGREE EXAMINATION, MARCH 2014**

(UG-CCSS)

Economics

EC 6B 12 / DEC 6B 12—PUBLIC FINANCE

Time : Three Hours

Maximum : 30 Weightage

*Answer may be written either in English or in Malayalam.***Section A (Objective Type Questions)***Answer all twelve questions.**Each question carries ¼ weightage.*

Multiple Choice Questions :

1. Externality refers to :
  - (a) Internal effects.
  - (b) Social benefits.
  - (c) Spillover effects.
  - (d) Social cost.
2. Which of the following is not a canon of taxation advocated by Adam Smith ?
  - (a) Canon of Economy.
  - (b) Canon of Certainty.
  - (c) Canon of Equality.
  - (d) Canon of Elasticity.
3. Wagner's view is related to :
  - (a) Environment.
  - (b) Tax.
  - (c) Public expenditure.
  - (d) Public revenue.
4. Functional finance concept is introduced by ———.
  - (a) Keynes and Lerner.
  - (b) Dalton and Pigou.
  - (c) Marx and Engels.
  - (d) Ricardo.

Fill in the blanks :

5. Wealth tax is levied on the ——— wealth of an individual.
6. The Displacement Effect hypothesis was introduced by———.
7. ——— is the author of General Theory of Employment, interest and Money.
8. The consumption tends to have positive effects than does an income tax on ———.

Answer in a word or sentence :

9. ——— is the exponent of Principles of Maximum Social Advantage.
10. Corporate tax is imposed by ———.
11. Refusal to pay a debt by the Government is known as ———.
12. The Expenditure tax was introduced by ———.

(12 × ¼ = 3 weightage)

**Turn over**

### Section B (Short Answer Type Questions)

*Answer all questions.  
Each question carries 1 weightage.*

- ✓ 13. Explain deficit financing.
- ✓ 14. Explain balanced budget.
15. What is meant by performance budgeting ?
- ✓ 16. Define grants-in aid.
- ✓ 17. What is meant by progressive tax ?
- ✓ 18. What you mean by incidence of taxation ?
- ✓ 19. Define VAT.
- ✓ 20. What are the important sources of non-tax revenue of the Government ?
21. Explain Built-in-stabilizers.

(9 × 1 = 9 weightage)

### Section C (Short Answer or Paragraph Questions)

*Answer any five question from seven questions.  
Each question carries 2 weightage.*

- ✓ 22. Explain canon of public expenditure.
- ✓ 23. What are the principles of federal finance ?
24. Explain Externality.
- ✓ 25. What do you mean by taxable capacity ? What are the factors determining it ?
26. Explain the objectives of public expenditure.
- ✓ 27. What are the methods of debt redemption ?
- ✓ 28. Explain Wagner's law.

(5 × 2 = 10 weightage)

### Section D (Essay type Questions)

*Answer any two questions.  
Each question carries 4 weightage.*

- ✓ 29. Discuss the effects of taxation on production and distribution.
30. Explain the principles and problems of federal finance in Indian context.
- ✓ 31. Explain the objectives and the role of Budget as an instrument for promoting growth with stability and justice.

(2 × 4 = 8 weightage)