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Reg. No. : .....

Code No. : 10275 E Sub. Code : AMEC 52

B.A. (CBCS) DEGREE EXAMINATION,  
APRIL 2025.

Fifth Semester

Economics — Core

PUBLIC FINANCE – I

(For those who joined in July 2020 only)

Time : Three hours Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. The major function of public finance is \_\_\_\_\_
- (a) Allocation function
  - (b) Distribution function
  - (c) Stabilization function
  - (d) All the above

2. Taxes are collected by the government to fulfill which one of the following basic objectives:
- (a) Financing government plan and expenditure
  - (b) Safeguarding poor people in the society
  - (c) To curb the growth of black money
  - (d) To establish the authority of the government
3. According to the Adam Smith, the state should perform the following functions
- (a) To protect the society from foreign attack
  - (b) To establish the administration of justice within the country
  - (c) To erect and maintain public works and institutions that private entrepreneurs cannot under take privately
  - (d) All the above
4. Classical economists laid down the following principles of public finance
- (a) Keep the budget as small as possible
  - (b) Keep the budget balanced
  - (c) Pay off the debt at the earliest
  - (d) All the above

5. Which one of the following is the most important source of revenue of state government in India?
- (a) Land revenue
  - (b) Sales tax
  - (c) Stamps and registration fees
  - (d) State excise duties
6. Which one of the following is a compulsory payment to the government?
- (a) Tax
  - (b) Price
  - (c) Fees
  - (d) All the above
7. The merit of direct tax is that
- (a) It's yield is maximum
  - (b) It does not pinch the taxpayer
  - (c) It is equitable
  - (d) It is easy to collect
8. A proportional tax is one in which the average tax burden is equal to all
- (a) Levels of prices
  - (b) Levels of income
  - (c) Levels of stock
  - (d) Levels of tastes

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9. Redemption of public debt means
- (a) Repayment of public debt
  - (b) Refusal to pay public debt
  - (c) Redefining public debt in terms of foreign currency
  - (d) Linking public debt with inflation rate
10. The best way for the redemption of public debt is
- (a) Repudiation
  - (b) Refunding
  - (c) Conversion
  - (d) Actual repayment by means of creating special funds or through capital levy

PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 250 words.

11. (a) Define Public finance and indicate its importance.

Or

- (b) Briefly explain public good.

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12. (a) Discuss the need for Public Expenditure.  
Or  
(b) Explain the various principle of Public Expenditure.
13. (a) Write a short note on Tax.  
Or  
(b) Summarize the concept of Fines and penalties.
14. (a) Compare the difference between direct and indirect taxes.  
Or  
(b) Distinguish the difference between progressive and proportional taxes.
15. (a) Define Public Debt and indicate it's scope.  
Or  
(b) Discuss the importance of public debt in a developing country.

PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 600 words.

16. (a) Explain the role of public finance in a developing country like India.  
Or  
(b) Describe the fundamental principle of public finance.
17. (a) What are the main reasons for the growth of public expenditure in India?  
Or  
(b) Enumerate the causes of public expenditure.
18. (a) Analyze a detailed study on Indian Public Revenue.  
Or  
(b) Classify the sources of Public Revenue.

19. (a) Critically analyze the Good and Services (GST).

Or

(b) Discuss the Canons of Taxation.

20. (a) Enumerate the methods of redemption of public debt.

Or

(b) Explain the need for public debt in a developing country like India.

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