

B.A. (CBCS) DEGREE EXAMINATION,
NOVEMBER 2022.

Fifth Semester

Economics – Core

PUBLIC FINANCE – I

(For those who joined in July 2020 onwards)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer.

1. The most important source of public revenue is
 - (a) Interest
 - (b) Taxes
 - (c) License fee
 - (d) Dividends and profits

6. Free rider problem is one of the characteristics of
 - (a) Private good
 - (b) Public good
 - (c) Merit good
 - (d) Mixed good
7. Indirect taxes have an element of
 - (a) Equitable
 - (b) Certainty
 - (c) Economical
 - (d) Encourage honesty
8. _____ based on the principle 'higher the income, higher the tax'.
 - (a) Progressive Tax
 - (b) Proportion Tax
 - (c) Regressive Tax
 - (d) Direct Tax
9. Which one of the following goods is excludable?
 - (a) A city bus
 - (b) A bridge that does not charge a toll
 - (c) Protection from the police force
 - (d) The atmosphere
10. An advalorem tax is charged according to the
 - (a) Weight of the commodity
 - (b) Size of the commodity
 - (c) Value of a commodity
 - (d) Consumption of a commodity

2. Public Authorities include
 - (a) Central Government
 - (b) State Government
 - (c) Local Government
 - (d) All of these
3. In the case of regressive tax, the rate of tax _____ as income increases :
 - (a) Increases
 - (b) Remains constant
 - (c) Decreases
 - (d) Becomes positive
4. Which is the main objective of a tax?
 - (a) Increase in consumption
 - (b) Increase in production
 - (c) Raising public revenue
 - (d) Reduction in capital formation
5. The burden of direct taxes is borne by
 - (a) Rich person
 - (b) Poor person
 - (c) On whom it is levied
 - (d) Working population

PART B — (5 × 5 = 25 marks)

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

Each answer should not exceed 250 words.

11. (a) Distinguish between Public goods and Private Goods.
Or
(b) Bring out the scope of Public Finance.
12. (a) What are the principles of public expenditure?
Or
(b) Explain the causes of public expenditure.
13. (a) What are the sources of public revenue?
Or
(b) Distinguish Tax and Price.
14. (a) Bring out the forms of GST.
Or
(b) Briefly explain the classification of taxes.

15. (a) Highlight the need for Public Debt.

Or

(b) What are the sources of Public Debt?

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 fundamental principles of public finance.

Or

(b) Explain the role of public finance in India.

17. (a) Examine the need for public expenditure.

Or

(b) Describe the reasons for the growth of public expenditure in India.

18. (a) Explain the administrative revenues of the government.

Or

(b) Analyze the Dalton's classifications of Public Revenue.

19. (a) Discuss the Adam Smith's canons of taxation.

Or

(b) Explain the merits of Direct Taxes.

20. (a) Examine the classifications of public debt.

Or

(b) Analyze the methods of redemption of public debt.