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Reg. No. : .....

Code No. : 22444 E      Sub. Code : SMEC 52

B.A. DEGREE EXAMINATION, NOVEMBER 2019.

Fifth Semester

Economics — Main

PUBLIC FINANCE – I

(For those who joined in July 2017 onwards)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. Under public finance we study the income and expenditure of
  - (a) Central Government
  - (b) State Government
  - (c) Local Government
  - (d) All of these

2. Who wrote the book 'Principles of Public Finance'?
  - (a) Pigou
  - (b) Marshalls
  - (c) Dalton
  - (d) Ricardo
3. Public expenditure control method is
  - (a) Budget
  - (b) Audit control
  - (c) Parliamentary control
  - (d) All the above
4. Which of the following is not the canon of public expenditure?
  - (a) Canon of benefit
  - (b) Canon of demand
  - (c) Canon of economy
  - (d) Canon of surplus
5. Sources of revenue of the Government
  - (a) Taxes
  - (b) Non-tax revenue
  - (c) Surplus from public undertakings
  - (d) All the above
6. \_\_\_\_\_ has classified public revenue as taxes and prices.
  - (a) Dalton
  - (b) Seligman
  - (c) Adam
  - (d) Bastable

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7. Which of the following is a non-tax revenue?
- (a) Customs duty      (b) Fines  
(c) Wealth tax      (d) Income tax
8. If tax rate is declining which income is increasing it is called as
- (a) Progressive tax      (b) Proportional tax  
(c) Regressive tax      (d) Degressive tax
9. How is direct money burden measured?
- (a) sum of money payments for interest and repayment of the principal  
(b) sum of money payments for interest only  
(c) sum of money payments for principal only  
(d) none of these
10. Debt classified on the basis of period of duration is known as
- (a) permanent and redeemable debt  
(b) productive debt  
(c) funded and unfunded debt  
(d) internal and external debt

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PART B — (5 × 5 = 25 marks)

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

Each answer should not exceed 250 words.

11. (a) What is public finance? State its importance.

Or

- (b) Give the similarities between public finance and private finance.

12. (a) What are the principles of public expenditure?

Or

- (b) Write the effect of public expenditure on production.

13. (a) What are the characteristics of a tax?

Or

- (b) State the sources of governments administrative revenue.

14. (a) Bring out the merits of direct taxes.

Or

- (b) What are the characteristics of a good tax system?

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15. (a) What are the objectives of public borrowings?

Or

(b) Differentiate short term and long term debt.

PART C — (5 × 8 = 40 marks)

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

Each answer should not exceed 600 words.

16. (a) Distinguish between public finance and private finance.

Or

(b) Describe the scope of public finance.

17. (a) Classify public expenditure.

Or

(b) Expound the reasons for the growth of public expenditure.

18. (a) Examine the sources of non-tax revenue of the government.

Or

(b) Explain Adam Smith's and Dalton's classification of public revenue.

19. (a) Explain the effects of taxation.

Or

(b) Explain the canons of taxation.

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

Or

(b) Examine the similarities and dissimilarities between public debt and private debt.

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