

(Pages : 6)

L – 1078

Reg. No. : .....

Name : .....

Final Year B.A. Degree Examination, April 2021

Economics

**Part III — Paper VI : Optional (i) : BANKING AND PUBLIC ECONOMICS**  
**(2005 Admission onwards)**

Time : 3 Hours

Max. Marks : 100

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

I. Choose the correct answer. Write only the alphabet.

1. What is called the difference between total expenditure and total receipts?

- (a) Budget deficit
- (b) Fiscal deficit
- (c) Revenue deficit
- (d) Balance budget

2. Which one is an example for non tax revenue?

- (a) Dividends and profits
- (b) Excise duty
- (c) Customs duty
- (d) Escheats

P.T.O.

3. With whom canons of taxation associated with?
- (a) Smith
  - (b) Ricardo
  - (c) Malthus
  - (d) Marx
4. What is called the legal description of the object with reference to which the tax applies?
- (a) tax rate
  - (b) tax base
  - (c) tax buoyancy
  - (d) ad-valorem tax
5. What is revenue receipts plus capital receipts minus total expenditure?
- (a) Fiscal deficit
  - (b) Revenue deficit
  - (c) Budget deficit
  - (d) Primary deficit

**(5 × 1 = 5 Marks)**

II. State True or false :

6. No Quid Pro Quo means the Government cannot guarantees proportionate return to the tax.
7. Increase in tax revenue with growth of its base and without increasing the tax rate is called tax buoyancy.

8. Canon of certainty says that the tax ought to be arbitrary.
9. Canon of taxation was proposed by Adam Smith.
10. Canons of public expenditure has given by Findlay Shirras.

**(5 × 1 = 5 Marks)**

**III. Fill in the blanks**

11. The bull speculators expect that bond price in future would \_\_\_\_\_.
  - (a) Rise
  - (b) Fall
12. Inflation caused by excess cost of production is called \_\_\_\_\_ inflation.
  - (a) Cost push
  - (b) Demand pull
13. Number of times one unit of currency gets transacted is called \_\_\_\_\_.
  - (a) Velocity of money
  - (b) Liquidity of money
14. Income inequality can be measured by \_\_\_\_\_.
  - (a) Gini Coefficient
  - (b) Expediency approach

15. Generation of import surplus would make deficit financing \_\_\_\_\_.

(a) Non-inflationary

(b) Inflationary

**(5 × 1 = 5 Marks)**

IV. Define any four of the following :

16. B-banking

17. FDI

18. Credit creation

19. Open market operation

20. Tax compliance.

**(4 × 1 = 4 Marks)**

V. Answer any seven of the following not more than  $\frac{1}{2}$  a page.

21. What is Statutory Liquidity Ratio?

22. What is Reverse Repo rate?

23. Define moral suasion.

24. What is Sinking fund?

25. What is a debit card?

26. Define transaction velocity.

27. Define velocity of money.
28. Define demand pull inflation.
29. What is primary deficit?
30. What is balanced budget?

**(7 × 3 = 21 Marks)**

VI. Answer **any six** questions in not more than 1 page.

31. What is money market?
32. Define tax base.
33. Define capital budgeting.
34. Explain the principle of Maximum Social Advantage.
35. Explain the functions of money.
36. Define lender of the last resort.
37. Define public finance.
38. What are the advantages of ATM?
39. Define Zero Base Budgeting.
40. What are the canons of public expenditure?

**(6 × 5 = 30 Marks)**

VII. Answer **any three** questions not exceeding 3 pages.

41. Explain briefly about the nationalization of public sector banks in India.
42. Explain the role of government in a developing economy to build a sound economy.

43. Explain the economic effects of public expenditure on production, employment, distribution and consumption.
44. Explain the role of cost management and debt redemption in a developing country like India.
45. Explain the relevance of the FRBM Act.
46. Explain the process of credit creation and what are its effects.

(3 × 10 = 30 Marks)