



Date : 23-10-2017

**ST. JOSEPH'S COLLEGE (AUTONOMOUS), BANGALORE-27**

B.A .ECONOMICS - III SEMESTER

SUPPLEMENTARY EXAMINATION- OCTOBER 2017

**EC 312: BANKING AND PUBLIC FINANCE**

**Time: 3 hrs**

**Max. Marks: 100**

(For supplementary students of 2012-13 batches only)

Do not write the register number on the question paper

Please attach the question paper along with the answer script.

**This question paper has 2 printed pages and 4 parts.**

**PART-A**

**I.A. True or False:**

**1X5=5**

1. Shifting of a tax takes place in the case of income tax.
2. Sales tax is a regressive tax .
3. An element of *quid pro quo* is present in the case of a fee.
4. Dr. Raghuram Rajan is the present Governor of the RBI.
5. Gilt-edged securities are issued by business houses.

**I.B. Choose the correct answer:**

**1X5=5**

6. The rate of interest is higher in  
a) Savings deposit b) term deposit c) current account d) recurring deposit
7. Money market deals with  
a) Stocks b) Shares c) Debentures d) Treasury bills
8. When the impact and incidence of a tax is on the same person it is called  
a) Regressive tax b) Direct tax c) Indirect tax d) Sales tax.
9. Which of the following is not a characteristic of tax?  
a) Direct quid pro quo b) compulsory payment c) punishment for tax evasion d) paid by persons or institutions
10. Which of the following is not a method of debt redemption?  
a) use of budget surplus b) deficit financing c) debt conversion d) sinking fund

**PART-B**

**II. Answer any 10 questions in about 2-3 sentences each only. (2 x 10=20)**

11. What is a scheduled commercial bank?
12. Give the meaning of the term 'balance sheet'.
13. What are passive deposits?
14. Name any 4 banks that were nationalized in India in 1969.
15. Give the meaning of the term 'money market'.
16. Mention any two objectives of monetary policy.
17. Define public finance.
18. What is market failure?
19. What are pure public goods? Give an example.
20. What is Value Added Tax?
21. Who is the Chairman of the present Finance Commission of India?
22. Distinguish between public and private expenditure.

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**PART-C**

**III .Answer any 5 of the following questions:**

**5X5=25**

23. Explain the secondary functions of commercial banks.
24. Give reasons for the Central bank acquiring the monopoly of note issue.
25. Explain the three principles of portfolio management.
26. Describe Musgrave's three economic functions of a state.
27. Briefly explain Adam Smith's canons of taxation.
28. Briefly explain the various reasons for an increase in public expenditure in India.
29. Write a note on the effects of taxation.

**PART-D**

**IV .Answer any 3 from the following questions:**

**15x3=45**

30. Explain the process of credit creation by commercial banks. What are its limitations?
31. Discuss the quantitative and qualitative methods of credit control employed by the Central Bank of a country.
32. Enumerate the various reasons for the increase in public expenditure in recent times.
33. Critically examine the principle of maximum social advantage.
34. Discuss the merits and demerits of direct and indirect taxes.

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