

deficit can be met by raising public loans on the market rather than through taxation. Modern govt prefer public debt to other sources of revenue. The govt borrow from public when it is involved in war. During a war the govt increases manifold on its expenditure.

OLABISI ONABANJO UNIVERSITY, AGO-IWOYE  
FACULTY OF SOCIAL AND MANAGEMENT SCIENCES

2014/2015 HARMATTAN SEMESTER EXAMINATION

DEPARTMENT OF ECONOMICS

COURSE TITLE: PUBLIC FINANCE

COURSE CODE: ECO 307

INSTRUCTION: ATTEMPT QUESTION ONE AND ANY OTHER TWO

TIME ALLOWED: 1hr.45mins.

Enterprises and Utilities. Every Country whether a Capitalist, Socialist or Mixed economy runs a Certain public enterprises and utilities like railways, post and telegraphs, power works etc. which require large funds to Finance. meet them only through public borrowing rather than by taxation.

1. (a) Give a concise definition of a tax. What are its importance in an economy?

(b) With illustrative examples, briefly explain the two major classifications of tax and which type will you recommend for your country?

2. (a) Public debt in Nigeria has been on the increase since the 1980s. Adduce reasons for this growing magnitude of Public debt in Nigeria.

(b) Describe options available to managing this debt.

3. (a) Fiscal policy has a meaning only in the context of the objectives it pursues. Elucidate.

(b) What are the major instruments of fiscal policy? Major (i) Taxation and (ii) Public Expenditure. Minor Public debt & ...

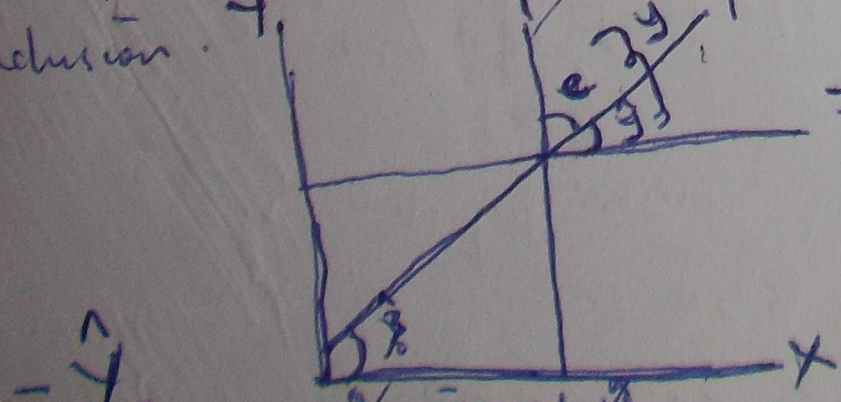
4. List and explain any five contributory factors to the increased Government expenditure in Nigeria.

5. Mention and explain briefly the different methods of measuring the national income of a country

BEST WISHES.

steps in hypothesis testing: whether it's Null hypothesis or Alternative hypothesis. the significance level. the formulae. the calculation (working).

use the T-test with T calculated perpendicular to the statistical decision.



$$y = \hat{y} + e$$

$$(\sum y)^2 = (\sum \hat{y})^2 + (\sum e)^2$$

$$\frac{(\sum y)^2}{(\sum y)^2} = \frac{(\sum \hat{y})^2}{(\sum y)^2} + \frac{(\sum e)^2}{(\sum y)^2}$$

$$1 = \frac{(\sum \hat{y})^2}{(\sum y)^2} + \frac{(\sum e)^2}{(\sum y)^2}$$

$$1 = \frac{(\sum \hat{y})^2}{(\sum y)^2} + \frac{(\sum e)^2}{(\sum y)^2}$$

$$R^2 = \frac{(\sum \hat{y})^2}{(\sum y)^2}$$

$$R^2 = 1 - \frac{(\sum e)^2}{(\sum y)^2}$$

Note that  $e = y - \hat{y}$  and  $y = \hat{y} + e$