



**NATIONAL OPEN UNIVERSITY OF NIGERIA**  
**FACULTY OF SOCIAL SCIENCES**  
**DEPARTMENT OF ECONOMICS**  
**2024 1 EXAMINATION**

**COURSE TITLE:** TAXATION AND FISCAL POLICY  
**COURSE CODE:** ECO 440  
**CREDIT UNITS:** 2 UNITS  
**TIME ALLOWED:** 2 HOURS  
**INSTRUCTION:** ANSWER QUESTION ONE AND ANY OTHER TWO (2) QUESTIONS

**QUESTION ONE**

- 1a. What necessitates the need for government intervention in an economy?  
(10 marks)
- 1b. Succinctly examine the three (3) main policy targets of public policy analysis  
(10 marks)
- 1c. Briefly explain any three (3) limitations of ability to pay as a principle of taxation  
(10 marks)

**QUESTION TWO**

- 2a. Explain the concept of indirect tax and briefly discuss the demerit of indirect tax  
(10 marks)
- 2b. Explain the meaning of tax assignment and highlight the factors determining tax allocation  
(10 marks)

**QUESTION THREE**

- 3a. Examine the incidence of tax under monopolistic competition and monopoly market conditions  
(10 marks)
- 3a. Enumerate and explain any three (3) factors influencing the process of shifting a Tax  
(10 marks)

**QUESTION FOUR**

- 4a. Carefully appraise the concept of fiscal policy and discuss any three (3) of its objectives  
(10 marks)
- 4b. Briefly explain the differentiation between a balanced budget and a surplus budget  
(10 marks)