



**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)