

C 4601

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Name.....

Reg. No.....

SECOND SEMESTER M.A. DEGREE (REGULAR/SUPPLEMENTARY)**EXAMINATION, APRIL 2021**

(CBCSS)

Economics

ECO 2C 07—PUBLIC FINANCE : THEORY AND PRACTICE

(2019 Admissions)

Time : Three Hours

Maximum : 30 Weightage

General Instructions

1. *In cases where choices are provided, students can attend **all** questions in each section.*
2. *The minimum number of questions to be attended from the Section / Part shall remain the same.*
3. *There will be an overall ceiling for each Section / Part that is equivalent to the maximum weightage of the Section / Part.*

Part A (Multiple Choice Questions)*Answer **all** questions.**Each question carries $\frac{1}{4}$ weightage.*

1. Chairman of 15th Finance Commission is :

a) Y.V. Reddy.	b) Nand Kishore Singh.
c) Vijay K Kelkar.	d) C.Rangarajan.
2. Which of the following is not a characteristic of public good ?

a) Non-excludable.	b) Non-rivalry.
c) Divisibility.	d) Indivisibility.
3. Who is the constitutional authority to decide the tax share of states ?

a) Finance Minister.	b) Finance Commission.
c) Planning Commission.	d) Union Cabinet.
4. Reason for market failure is :

a) Asymmetric information.	b) Decreasing cost.
c) Provision of public good.	d) All of these.

Turn over

5. Which of the following tax is levied by the State Government only ?
- a) Income tax.
 - b) Corporate tax.
 - c) Entertainment tax.
 - d) Tax on buildings.
6. Among the following canons of taxation, which one is not suggested by Adam Smith :
- a) Elasticity.
 - b) Certainty.
 - c) Convenience.
 - d) Equity.
7. Which schedule of Indian constitution divides the legislative powers between Union and States ?
- a) 6th.
 - b) 7th.
 - c) 8th.
 - d) 9th.
8. Fiscal Responsibility and Budget Management Act was passed in the year :
- a) 1993.
 - b) 2005.
 - c) 2000.
 - d) 2003.
9. When the demand for a commodity is perfectly elastic and its supply is inelastic, the entire burden of tax will be on ?
- a) Buyers.
 - b) Sellers.
 - c) Both.
 - d) None of these.
10. Which of the following principle is called Least Aggregate Sacrifice Principle of incidence ?
- a) Equal Absolute Sacrifice.
 - b) Equal Proportional Sacrifice.
 - c) Equal Marginal Sacrifice.
 - d) All of these.
11. Ability to Pay principle is related with :
- a) Progressive tax.
 - b) Regressive tax.
 - c) Proportional tax.
 - d) Digressive tax.
12. Generally, indirect taxes are :
- a) Progressive.
 - b) Regressive.
 - c) Proportional.
 - d) Constant.

(12 × $\frac{1}{4}$ = 3 weightage)

Part B (Short Answer Type)

*Answer any five out of eight questions.
Each question carries 1 weightage.*

13. Define Tax. What are the characteristics of a tax ?
14. Examine the role of finance commission in a country.
15. What is a public good ? How it is different from private good ?
16. Explain balanced budget multiplier.
17. Distinguish between development and non-development expenditure.
18. Explain Musgrave's concept of incidence.
19. Write a note on vertical fiscal imbalance.
20. What is GST ? Explain.

(5 × 1 = 5 weightage)

Part C (Paragraph Type)

*Answer any seven out of ten questions.
Each question carries 2 weightage.*

21. What are Externalities ? Explain positive and negative externalities.
22. What are the objectives of FRBM Act ? Explain.
23. Describe the principles of public debt management.
24. Explain Median Voter Theorem.
25. Explain the Voluntary Exchange theory of Lindahl.
26. Define public revenue. What are the sources of public revenue ?
27. What are the objectives of public expenditure in a developing country ?
28. Discuss the factors influencing the incidence of a tax.
29. Briefly explain theory of public choice.
30. What are the methods of fiscal transfers in India ? Explain.

(7 × 2 = 14 weightage)

Turn over

Part D (Essay Type)

Answer any two out of four questions.

Each question carries 4 weightage.

31. Define Zero Based Budgeting. What are the main processes involved in Zero Based Budgeting ? Explain its merits and demerits.
32. Examine the problems of central state financial relations in India. Discuss the impact of new economic reforms on centre state financial relations.
33. Explain the role of public debt in the economic development of India. Discuss the trends in the growth of public debt India.
34. Critically explain the pure theories of public expenditure.

(2 × 4 = 8 weightage)