

20P228

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Name:

Reg. No:

SECOND SEMESTER M.A. DEGREE EXAMINATION, APRIL 2021

(CUCSS - PG)

(Regular/Improvement/Supplementary)

CC19P ECO2 C07 - PUBLIC FINANCE: THEORY AND PRACTICE

(Economics)

(2019 Admission onwards)

Time: Three Hours

Maximum: 30 Weightage

Part A

Answer *all* questions. Each question carries 1/5 weightage.

Multiple Choice Questions

1. Which among the following is an example for a perfect public good?
(a) Public Roads (b) Television Broadcast
(c) Children's Park (d) National Defence
2. Government expenditure is an instrument of.....
(a) Monetary policy (b) Fiscal Policy (c) Trade Policy (d) Financial Policy
3. The 'median voter theorem' was introduced by.....
(a) Anthony Downs (b) Charles K. Rowley
(c) Musgrave (d) Hotelling
4. The most important factor that determines the devolution of funds from centre to the states is.....
(a) Per Capita Income (b) Literacy Rate
(c) Population (d) Life Expectancy
5. VAT was introduced in India in the year
(a) 2007 (b) 2003 (c) 2001 (d) 2005
6. The present rate of devolution of funds from centre to 28 states is
(a) 42% (b) 41 % (c) 36% (d) 40%
7. Treating of equals equally leads to
(a) Sectoral Equity (b) Vertical Equity (c) Horizontal Equity (d) General Equity
8. FRBM Act ensures.....
(a) Fiscal Stability (b) Financial Stability (c) Devolution (d) Horizontal Stability
9. Zero based budgeting was developed by
(a) Ronald Cause (b) Peter Pyhrr (c) Dalton (d) Wiseman

10. On which of the following commodity is GST not applicable?
 (a) Processed meat (b) Electronic goods (c) Alcohol (d) Frozen fish
11. Rivalry and excludability are the characteristics ofgoods
 (a) Public goods (b) Private goods (c) Inferior goods (d) Giffen goods
12. Which of the following is an indirect tax?
 (a) Corporate tax (b) Wealth tax (c) Income tax (d) GST
13. Who was the chairman of 14th Finance Commission?
 (a) K.C. Neogy (b) Vijay L Kelkar (c) Y.V. Reddy (d) N.K. Singh
14. Deficit financing usually leads to.....
 (a) Deflation (b) Inflation (c) Unemployment (d) None of these
15. The balanced budget multiplier will be equal to
 (a) Zero (b) Ten
 (c) One (d) Between Zero and One
- (15 × 1/5 = 3 Weightage)**

Part B (Very Short Answer Questions)

Answer any *five* questions. Each question carries 1 weightage.

16. What are merit goods?
17. What is primary deficit?
18. What is meant by shifting a tax?
19. What is a subsidy?
20. What is horizontal equity?
21. What is a VAT?
22. Which are the local bodies in Indian federal set up?
23. Define monetary policy.

(5 × 1 = 5 Weightage)

Part C (Short Answer Questions)

Answer any *seven* questions. Each question carries 2 weightage.

24. Explain the Pigovian idea of taxation.
25. Explain the impact and incidence of a tax with an example.
26. Explain the concept of ‘zero based budgeting’.
27. What are the problems in pricing public utilities?
28. How far intergenerational equity is sustainable with respect to debt burden?
29. Explain the theory of inter governmental transfers?

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30. Explain negative externality with examples
31. What is the theory of optimal taxation?
32. What are the major sources of revenue to the central government?
33. Discuss the Tiebout hypothesis.

(7 × 2 = 14 Weightage)

Part D (Essay Questions)

Answer any *two* questions. Each question carries 4 weightage.

34. Explain the role of government in the national economy.
35. Explain partial and general equilibrium analysis.
36. Explain the role of Finance Commission in India in the reform period.
37. Discuss the trends and need for fiscal decentralization in India.

(2 × 4 = 8 Weightage)

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