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Name:

Reg. No:

SECOND SEMESTER M.A. DEGREE EXAMINATION, APRIL 2024

(CBCSS - PG)

(Regular/Supplementary/Improvement)

CC19P ECO2 C07 – PUBLIC FINANCE: THEORY AND PRACTICE

(Economics)

(2019 Admission onwards)

Time: 3 Hours

Maximum: 30 Weightage

Part A

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

1. Which among the following is an example for a perfect public good?
(a) House (b) Traffic signal (c) Both of the above (d) None of the above
2. The provision of public goods requires
(a) competition among firms in the market (b) lobbying
(c) trade protection (d) none of the above.
3. When consumption of a good is non-rival and non-excludable, the good is a:
(a) public good (b) mixed good (c) private good (d) service
4. Zero based budgeting was developed by:
(a) Ronald Cause (b) Peter Pyhrr (c) Dalton (d) Wiseman
5. Producers force workers to accept lower wages, is a:
(a) Backward shifting (b) No shifting
(c) Combination shifting (d) Forward shifting
6. A forward-shifted tax will affect:
(a) Buyers more than sellers (b) Sellers more than buyers
(c) Buyers and sellers equally (d) Government revenues negatively
7. The 'median voter theorem' was introduced by:
(a) Anthony Downs (b) Charles K. Rowley
(c) Musgrave (d) Hotelling
8. Repayment of public debt refers to:
(a) Discharging duties (b) Redemption of public debt
(c) Repayment (d) Recovery
9. Who was the chairman of 14th Finance Commission?
(a) K.C. Neogy (b) Vijay L Kelkar (c) Y.V. Reddy (d) N.K. Singh

10. The present rate of devolution of funds from centre to 28 states is:
 (a) 0.42 (b) 0.41 (c) 0.36 (d) 0.4
11. Treating of equals equally leads to:
 (a) Sectoral Equity (b) Vertical Equity (c) Horizontal Equity (d) General Equity
12. Tax revenue sharing between the federal and sub-national governments is aimed at correcting which of the following type of imbalances?
 (a) Vertical imbalances (b) Horizontal imbalances
 (c) Diagonal imbalances (d) Criss-cross imbalances
13. Ad Valorem means:
 (a) According to value (b) According to weight
 (c) According to size (d) According to advertisement costs
14. The main source of revenue of federal government is:
 (a) Property taxes (b) Token taxes (c) Customs duties (d) GST
15. Who establishes the Finance Commission in India?
 (a) President (b) Finance Minister (c) Parliament (d) RBI

(15 × 1/5 = 3 Weightage)

Part B (Very Short Answer Questions)

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

16. What are the features of public good?
17. Define merit good.
18. Explain Ability to pay principle of taxation.
19. Explain the difference between impact and incidence of tax.
20. Explain the concept inter-generational equity in relation to debt burden.
21. Explain vertical equity.
22. What is a VAT?
23. Discuss the issues related to Centrally Sponsored Schemes.

(5 × 1 = 5 Weightage)

Part C (Short Answer Questions)

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

24. Explain the Negative impact of externalities.
25. Discuss the theory of optimal taxation.
26. Distinguish between Fiscal and Monetary Policy.
27. Explain zero-based budgeting. What are the benefits of zero-based budgeting?

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28. Explain the pricing of public utilities.
29. Discuss the Median Voter theorem.
30. Discuss the macroeconomic impact of deficit.
31. Explain fiscal decentralisation.
32. Analyse FRBM Act.
33. Write a note on latest union budget.

(7 × 2 = 14 Weightage)

Part D (Essay questions)

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

34. Explain the balanced budget multiplier.
35. Explain Pure theory of public expenditure.
36. Discuss the problems of centre-state financial relations in India.
37. Discuss the trend and source of revenue in union, states and local bodies.

(2 × 4 = 8 Weightage)

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