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Name :

Reg. No :

SECOND SEMESTER M.A. DEGREE EXAMINATION, APRIL 2025

(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. Education is an example of :
(a) Public good (b) Social good (c) Merit good (d) Club good
2. The balanced budget multiplier will be equal to:
(a) Zero (b) Ten (c) One (d) Between Zero and One
3. Non-rival consumption is the feature of:
(a) Public good (b) Private good (c) Merit good (d) Necessary good
4. Government taxing and spending policies are called:
(a) Monetary Policy (b) Fiscal Policy (c) Commercial Policy (d) Finance Policy
5. 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
6. Expenditure incurred by the Government on building durable assets, like highways, multipurpose dams, irrigation projects are in the nature of:
(a) Capital Expenditure (b) Revenue Expenditure
(c) Transfer Expenditure (d) Unproductive Expenditure
7. Transfer Payments include:
(a) Old Age Pension (b) Subsidies (c) Wealth Tax (d) Corporate Income tax
8. The system of assigning the source of revenue to the Central as well as State Governments is generally referred to as
(a) Public Finance (b) Distributive Finance (c) Unitary Finance (d) Federal Finance
9. The practice by Governments in which a government spends more money than it receives as revenue is referred to as:
(a) Piggy backing (b) Direct Funding (c) Deficit financing (d) Pump Priming

10. 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
 11. The role of the Finance Commission in Central-State fiscal relations has been undermined by:
 (a) The State Governments (b) The Zonal Councils
 (c) The Planning Commission (d) The Election Commission
 12. In India GST was introduced in the year:
 (a) 2016 (b) 2017 (c) 2018 (d) 2019
 13. Who is the Chairman of the 15th Finance Commission?
 (a) Vijay Kelkar (b) Y.V. Reddy (c) Nandan Nilakani (d) N K Singh
 14. Which of the following tax rate is not applicable under GST?
 (a) 5 (b) 12 (c) 25 (d) 18
 15. tries, to ensure greater transparency in the fiscal operations of the central government.
 (a) FBRM (b) FMBR (c) FRBM (d) MFBR
- (15 × 1/5 = 3 Weightage)**

Part B (Very Short Answer Questions)

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

16. What are the characteristics of public good?
17. What is meant by market failure?
18. Define the incidence of taxation.
19. What are the three components of fiscal policy?
20. What is meant by fiscal deficit?
21. Explain Fiscal policy.
22. State and explain FRBM Act in the light of enlarging fiscal deficit.
23. Write a note on latest union budget.

(5 × 1 = 5 Weightage)

Part C (Short Answer Questions)

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

24. Explain Pigovian tax in the light of externalities.
25. Discuss about general equilibrium analysis.
26. Explain the theory of optimal taxation.
27. Explain the concept of 'zero based budgeting'.

28. Discuss Wiseman-Peacock hypothesis.
29. Explain the pricing of public utilities.
30. Discuss the inter-generational equity in relation to debt burden.
31. What is meant by fiscal decentralisation? What are its advantages?
32. Explain about Value added tax in federal set-up.
33. Explain the role of Finance Commission in India in the reform period.

(7 × 2 = 14 Weightage)

Part D (Essay questions)

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

34. Discuss balanced budget multiplier.
35. Analyse the impact of debt burden on an economy. What are the measures to reduce such a burden?
36. Discuss the vertical and horizontal imbalance in inter-governmental transfers in India.
37. Explain the trend and source of revenue in union, states and local bodies.

(2 × 4 = 8 Weightage)
