

15P227

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Name.....

Reg. No.....

**SECOND SEMESTER M.A. DEGREE EXAMINATION, JULY 2016**

(CUCSS - PG)

(Economics)

**CC 15P ECO2 C07 - PUBLIC FINANCE: THEORY AND PRACTICE**

(2015 Admission)

Time: Three Hours

Maximum: 36 Weightage

**Part A**

Answer **all** questions.

Each bunch of **four** questions carries a weightage of **1**

Multiple Choices:

1. Which of the following are indirect taxes?

- (a) Customs duties                      (b) Excise duties  
(c) Sales tax                              (d) all the above

2. Federal Finance deals with

- (a) State finances                      (b) Finances of railways  
(c) Local bodies                        (d) Centre-State financial relations

3. The name of the Chairman of the 11th Finance Commission

- (a) K.C. Pant                      (b) A.M. Kushro  
(c) R. J. Chelliah                      (d) N.K.P. Salve

4. Public Debt Management refers to

- (a) Terms of new bonds                      (b) Proportion of different components of public debt  
(c) Maturity                              (d) All the above

5. The ideal system of public Finance is one where the net benefit is

- (a) Maximum                      (b) Minimum  
(c) Zero                              (d) Infinity

6. A pure private good is subject to:

- (a) Non exclusion
- (b) Exclusion
- (c) Low satisfaction
- (d) None of these

7. Special assessment means:

- (a) General tax on all people
- (b) Gift tax
- (c) A tax for specific benefit conferred
- (d) None of these

8. Who suggested an expenditure tax as an alternative to income tax?

- (a) Musgrave
- (b) Galbraith
- (c) Dalton
- (d) Kaldor

9. The concept of functional finance was developed by:

- (a) J.M. Keynes
- (b) A.P. Lerner
- (c) Kaldor
- (d) Pigou

10. Who was the first to recommend the adoption of an expenditure tax for India?

- (a) K.N. Raj
- (b) Paul Krugman
- (c) Raja J. Chelliah
- (d) N. Kaldor

11. The controlling authority of Government expenditure is:

- (a) RBI
- (b) Planning Commission
- (c) Ministry of Finance
- (d) Finance Commission

12. Pump priming is

- (a) Injection of purchasing power into the public through Government spending
- (b) Withdrawal of purchasing power from the public
- (c) Balancing Revenue and Expenditure
- (d) None of the above

(12 x 1/4 = 3 weightage)

**Part B (Very Short Answer Questions)**

Answer any **five** questions

Each question carries a weightage of **1**

13. Define Public Good

14. Bring out the concept of Positive Externality

15. What is Inflation?

16. Explain Fiscal Federalism

17. Define Optimal Taxation

18. Define the crux of Peacock Hypothesis

19. What is Balance Budget Multiplier?

20. What is Specific Tax Incidence?

(5x1= 5 weightage)

**Part C (Short Answer Questions)**

Answer any **eight** questions

Each question carries a weightage of **2**

21. What are the suggested corrective measures of Fiscal Deficit?

22. Discuss the major Taxes in India

23. Explain Coase Theorem

24. Distinguish Tax Buoyancy and Elasticity

25. Discuss the Critical Limit Hypothesis

26. What is a Finance Commission? Briefly enlist the objectives of Finance Commission

27. Discuss Musgrave's approach towards Incidence of Taxation

28. Explain Tiebout Hypothesis

29. Explain the concept of ZBB

30. Point out the recommendations of the Wanchoo Committee

31. What are the implications of the FRBM Act?

(8x2= 16 weightage)

**Part D (Essay Questions)**

Answer any **three** questions

Each question carries a weightage of 4

32. Bring out the Role of Government in the context of India as a consumer economy

33. Discuss the "Pros and cons" of the latest Union Budget of India

34. Explain in detail, the structure, growth and trend of Public Expenditure in India

35. Analyse the General Equilibrium concept with respect to Taxation

36. Discuss in detail the report of the 13<sup>th</sup> Finance Commission and its implications in India

(3x4= 12 weightage)

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