SECOND SEMESTER M.A. DEGREE EXAMINATION, APRIL 2022
(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. 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. Expenditure tax was introduced in India as per the recommendation of:

    (a) Nehru   (b) Kaldor   (c) K N Raj   (d) John Mathai

5. Shifting of tax depends on:

    (a) Elasticity   (b) Quality   (c) Quantity   (d) Durability

6. When $E_s > E_d$, more incidence is on:

    (a) Buyers   (b) Sellers   (c) Government   (d) None of these

7. Repayment of public debt refers to:

    (a) Discharging duties   (b) Redemption of public debt

    (c) Repayment   (d) Recovery

8. Deficit financing leads to:

    (a) Rise in prices   (b) Fall in prices   (c) Control on prices   (d) None of the above

9. Interest payments are a part of:

    (a) Development Expenditure   (b) Non-Development Expenditure

    (c) Capital Expenditure   (d) All of the above

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. 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. VAT was introduced in India in the year:

    (a) 2007

    (b) 2003

    (c) 2001

    (d) 2005

14. Ad Valorom means:

    (a) According to value

    (b) According to weight

    (c) According to size

    (d) According to advertisement costs

15. The main source of revenue of federal government is:

    (a) Property taxes

    (b) Token taxes

    (c) Customs duties

    (d) GST

(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. Explain externalities.

18. Define Fiscal policy.

19. Explain zero based budgeting.

20. Discuss the main sources of 'public debt'.

21. What is Fiscal decentralization?

22. Explain fiscal federalism.

23. Explain the major objectives of Finance Commissions.

(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. Explain the impact and incidence of a tax with an example.

26. Explain the theory of optimal taxation.

27. Explain tax, expenditure and balanced budget multiplier.

28. Discuss Wiseman-Peacock hypothesis.

29. Discuss Median Voter theorem.

30. How far inter-generational equity is sustainable with respect to debt burden?

31. What is meant by fiscal decentralisation? What are its advantages?

32. Bring out the impact and effects of GST in the Indian Economy.

33. Explain total expenditure as per latest union budget.

(7 × 2 = 14 Weightage)

Part D (Essay questions)
Answer any *two* questions. Each question carries 4 weightage.

34. Explain the partial and general equilibrium analysis of tax.

35. Discuss the reasons of growing public expenditure in India.

36. Discuss vertical and horizontal imbalance in inter-governmental transfers in India.

37. Explain the trend of revenue in union, states and local bodies.

(2 × 4 = 8 Weightage)

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