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Name.....

Reg. No.....

SECOND SEMESTER M.A. DEGREE EXAMINATION, MAY-2017

(Regular/Supplementary/Improvement)

(CUCSS - PG)

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

(Economics)

(2015 Admission Onwards)

Time: Three Hours

Maximum: 36 Weightage

Part A

Answer *all* questions.

(Each bunch of four questions carries a weightage of 1 Multiple Choices:)

1. Govt. prepares its budget:
(a). Weekly (b). Monthly
(c). Quarterly (d). Annually
2. Which is not counted as public expenditure?
(a). Subsidy given to local city bus service (b). Defence expenditure
(c). Investment spending by public companies (d). Interest payment on national debt.
3. The most important aim of fiscal policy in a developing country is
(a) economic stability (b) economic development
(c) regional balance (d) None of these
4. The Finance Commission is appointed in every
(a) 3 year (b) 4 year
(c) 5 year (d) 6 year
5. The maximum effect of direct taxes is on
(a) Price of food (b) Income
(c) Capital goods (d) consumer goods
6. Non-Plan Grants are determined by
(a) Planning Commission (b) Finance Commission
(c) Central Government (d) State Government
7. Who is the exponent of the law of increasing state activities?
(a) Dalton (b) Wagner
(c) Seligman (d) Musgrave
8. Classical canons of taxation are propounded by:
(a) Adam Smith (b) Bastable
(c) Dalton (d) Keynes

9. Which is the method of financial adjustment between Centre and States?

- (a) Tax sharing
- (b) Grant-in-aid
- (c) Public debt
- (d) Federal Finance

10. According to Musgrave the major functions of public finance is:

- (a) Allocative function
- (b) Distributive function
- (c) Stabilisation function
- (d) All the above

11. In the case of direct tax, impact and incidence are on:

- (a) Different person
- (b) Same person
- (c) Sellers
- (d) None of these

12. The Indian income tax is:

- (a) Direct and proportional
- (b) Indirect and proportional
- (c) Indirect and progressive
- (d) Direct and progressive

(12x¹/4= 3 weightage)

Part B

(Very Short Answer Questions)

(Answer any **five** questions Each question carries a weightage of 1)

13. Define Mixed Goods

14. What is Differential Tax Incidence?

15. What are Club Goods?

16. Define FRBM Act

17. Bring out the concept of Horizontal Imbalance

18. Define Tax Buoyancy

19. Name the Chairman of the First Finance Commission

20. What is Corporate Tax?

(5x1=5 weightage)

Part C

(Short Answer Questions)

(Answer any **eight** questions Each question carries a weightage of 2)

21. Explain Wagner's theory of Public Expenditure

22. What are the short comings of Indian Tax structure?

23. What is a market failure? Explain the rationale for Government intervention

24. Bring out the significance of a Budget. Discuss briefly the measures in implementing a Budget

25. What is Pigovian Tax?
26. Explain the difference between Incidence and Shifting of Taxation
27. With the help of some examples distinguish Positive and Negative Externalities
28. Bring out the concept of Taxable Capacity
29. Explain Coarse Theorem
30. Bring out the concept of Private goods and its merits over Public Goods
31. Briefly explain the Stabilisation function of a Government with the help of an example.

(8x2=16 weightage)

Part D
(Essay Questions)

(Answer any **three** questions Each question carries a weightage of 4)

32. 'Deficit Finance is a good servant, but a bad master' Comment.
33. Discuss the Role of Public Expenditure in Under Developed Countries.
34. Explain the significance of Public Goods with respect to Externalities.
35. Analyse the Centre-State Financial Relations of India
36. Critically examine the latest Kerala Budget and its impact on Kerala Economy.

(3x4=12 weightage)
