SECOND SEMESTER M.A DEGREE EXAMINATION, MAY 2018
(Regular/Supplementary/Improvement)
(CUCSS - PG)
CC15P ECO2 C07 - PUBLIC FINANCE: THEORY AND PRACTICE
(Economics)
(2015 Admission onwards)

Time: Three Hours   Maximum: 36 Weightage

Part A
Answer *all* questions. Each question carries ¼ weightage.

1. A pure private good is

   (a) Non-rival and Non-excludable   (b) Non-rival and Excludable

   (c) Rival and Non-excludable   (d) Rival and Excludable

2. Expenditure tax was advocated by

   (a) Adam Smith   (b) Kaldor

   (c) J. S. Mill   (d) Musgrave

3. Consolidated funds includes

   (a) Government revenue   (b) Loan raised

   (c) Recoveries of loan granted   (d) All the above

4. Tax capitalization is a technique of

   (a) Tax on capital   (b) Property Tax

   (c) Imposing higher tax   (d) Tax shifting

5. Deficit financing leads to

   (a) Rise in prices   (b) Fall in prices

   (c) Control on prices   (d) None of the above

6. Excise duty is imposed on

   (a) Goods exported   (b) Goods imported

   (c) Inter-state movement of goods   (d) Goods manufactured within the country

7. Redemption of public debt means

   (a) Repayment of a debt   (b) Refusal of the government to repay a debt

   (c) Changing of an old loan into a new one   (d) All the above

8. In periods of inflation the government should aim at

   (a) Deficit budget   (b) Balanced budget

   (c) Surplus budget   (d) None of the above

9. In India the Finance Commission is appointed by

   (a) Prime Minister   (b) The President of India

   (c) The Chief Justice   (d) None of the above

10. Externality refers to

   (a) Internal effects   (b) Social benefits

   (c) Spillover effects   (d) Social cost

11. Which of the following taxes is the largest source of revenue for the government of India

   (a) Income Tax   (b) Corporation Tax

   (c) Customs duty   (d) Excise duty

12. Which one of the following is not the form of Tax Revenue

   (a) Income Tax   (b) License Fee

   (c) Sales Tax   (d) Excise Duty

(12 x ¼ = 3 Weightage)

Part B

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

13. What is meant by market failure?

14. Explain Tiebout model.

15. What is meant by Revenue Deficit?

16. Mention different methods of repayment of public debt.

17. Explain the concept of compensatory finance.

18. Distinguish between direct and indirect tax.

19. Discuss benefit principle of taxation.

20. Write a note on Zero based budgeting.

(5 x 1 = 5 Weightage)

Part C

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

21. Discuss the Chelliah Committee Report on taxation.

22. Examine the problem of marginal cost pricing.

23. What are the major sources of tax revenue to a state government?

24. Explain the theory of optimal taxation.

25. Explain Wiseman- Peacock hypothesis.

26. Describe the term Functional Finance.

27. Briefly mention the features of programme budgeting.

28. Explain the reasons of Fiscal crisis in India.

29. Explain the features of tax system in India.

30. Discuss the principles of debt management

31. Examine the Modern theory of tax incidence

(8 x 2 = 16 Weightage)

Part D

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

32. Discuss the role of Government in the national economy.

33. Critically evaluate the post liberalization tax reforms in India.

34. Describe reasons of growing public expenditure in India.

35. Explain the stages involved in the preparation, presentation and execution of government budgets.

36. Describe the conditions of efficient provision of social goods and private goods.

(3 x 4 = 12 Weightage)

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