25P227 (Pages: 3) Name: ....

Reg.No: ....

SECOND SEMESTER M.A. DEGREE EXAMINATION, APRIL 2026

(CBCSS - PG)

(Regular/Supplementary/Improvement)

CC19PECO2C07 - 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. Rivalry and excludability are the characteristics of …… goods.
   (a) Public goods (b) Private goods (c) Inferior goods (d) Giffen goods
2. 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
3. Which of the following is an indirect tax?
   (a) Corporate tax (b) Wealth tax (c) Income tax (d) GST
4. Government taxing and spending policies are called:
   (a) Monetary Policy (b) Fiscal Policy (c) Commercial Policy (d) Finance Policy
5. The tax on net income of companies is:
   (a) Personal income tax (b) Interest tax (c) Wealth tax (d) Corporation tax
6. Pick out the item which is not a part of tax revenue.
   (a) Interest (b) Corporate Tax (c) Excise (d) Customs
7. The value of balanced budget multiplier is always:
   (a) 0 (b) 1 (c) 2 (d) 3
8. 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
9. Deadweight debt refers to which of the following form of Public Debt?
   (a) Internal Debt (b) External Debt (c) Unproductive Debt (d) Productive Debt
10. Debts that are repaid at some specific future dates are known as
    (a) Irredeemable debts (b) Redeemable debts (c) Treasury Bill (d) None of the above

11. The present rate of devolution of funds from centre to 28 states is:
    (a) 0.42 (b) 0.41 (c) 0.36 (d) 0.4

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. The VAT was first introduced in the year:
    (a) 2003 (b) 2004 (c) 2005 (d) 2006

14. The chairman of FRBM committee is:
    (a) A.P Lerner (b) Dalton (c) Hicks (d) Adarkar

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. Explain club goods.
17. What is meant by shifting a tax?
18. What is an optimum tax?
19. State and explain Balanced Budget Multiplier.
20. Write a note on Zero based budgeting.
21. What is meant by fiscal deficit?
22. Discuss fiscal federalism.
23. Explain about Value added tax in federal set-up.

(5 × 1 = 5 Weightage)

Part C (Short Answer Questions)

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

24. Discuss the role of Government in Mixed economy.
25. Explain negative externality with examples.
26. Discuss the objectives of Fiscal Policy.
27. Stae and explain Wiseman-Peacock hypothesis.
28. Explain marginal cost pricing.

29. Explain the concept inter-generational equity in relation to debt burden.

30. Describe the vertical and horizontal imbalance of inter-governmental transfers.

31. What are the major sources of revenue to the local governments in India?

32. Discuss FRBM Act in the light of enlarging fiscal deficit.

33. Sate and 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 partial and general equilibrium analysis of tax.

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

36. Describe the problems of centre-state financial relations in India.

37. Analyse the latest state budget.

(2 × 4 = 8 Weightage)

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