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Name......................................

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SECOND SEMESTER M.A. DEGREE (REGULAR/SUPPLEMENTARY) EXAMINATION, APRIL 2024

(CBCSS)

Economics

ECO 2C 07—PUBLIC FINANCE : THEORY AND PRACTICE

(2019 Admission onwards)

Time : Three Hours

Maximum : 30 Weightage

Part A (Multiple Choice Questions)

Answer **all** *questions.*

Each bunch of **five** *questions carries a weightage of 1/5.*

1. Those goods which are excludable, but non-rivalrous are called :

    (a) Merit goods.

    (b) Public goods.

    (c) Club goods.

    (d) None of these.

2. Pollution is an example of ——————— externality.

    (a) Pecuniary.

    (b) Positive.

    (c) Negative.

    (d) None of these

3. In the case of the provision of public goods, the marginal cost is ———————.

    (a) Zero.

    (b) One.

    (c) Two.

    (d) None of these

4. ——————— depicts the responsiveness of tax yield to the rate of a particular tax.

    (a) Demand curve.

    (b) Offer curve.

    (c) Supply curve.

    (d) Laffer curve

5. ——————— of a tax is the proportionate change in its receipts divided by proportionate change in its base.

    (a) Buoyancy.

    (b) Elasticity

    (c) Incidence.

    (d) Shifting.

Turn over

6. _____ is a special fund for the purpose of repayment of debt.

   (a) Forfeiture.
   (b) Sinking fund.

   (c) Escheat.
   (d) Consolidated fund.

7. Which of the following articles of the Indian Constitution provides for the formation Commission ?

   (a) Article 280.
   (b) Article 266.

   (c) Article 371
   (d) Article 366

8. Which among the following is an important source of revenue to the central go India ?

   (a) Income tax.
   (b) Land revenue.

   (c) Entertainment tax.
   (d) Building tax .

9. Gadgil formula is related to :

   (a) Local bodies.
   (h) Internal debt.

   (c) Plan assistance to states.
   (d) None of these.

10. Who among the following is associated with the concept of merit good ?

   (a) Richard A. Musgrave.
   (b) Dalton.

   (c) Adolf Wagner.
   (d) James M. Buchanan.

11. Debts which do not yield any direct income to the government are called :

   (a) Productive debts.
   (b) External debts.

   (c) Dead weight debts.
   (d) Unfunded debts

12. If the government can change tax and expenditure policies as needed from time to tim the instability in an economy, that kind of policy is called :

   (a) Built-in-stabilisers.
   (b) Budgetary policy.

   (c) Discretionary fiscal policy.
   (d) None of these.

13. The tax system in which the rate of taxation increases as the tax base increase as :

   (a) Proportional taxation.
   (b) Progressive taxation.

   (c) Regressive taxation
   (d) Degressive taxation

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14. The externalities are ———————— when marginal social benefits exceed marginal private benefits.

   (a) Negative.

   (b) Positive.

   (c) Absent.

   (d) None of these

15. Who among the following favoured debt redemption by the imposition of capital levy ?

   (a) David Ricardo.

   (b) Mill.

   (c) Both (a) and (b).

   (d) None of these.

$$(15 \times 1/5 = 3 \text{ weightage})$$

Part B (Very Short Answer Questions)

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

16. What do you mean by grants-in-aid ?

17. Distinguish between positive and negative externalities.

18. Explain the concept of merit goods with suitable examples.

19. Briefly explain public debt.

20. Write short note on GST.

21. What do you understand by balanced budget multiplier ?

22. Define the term fiscal federalism.

23. What is meant by shifting of tax ?

$$(5 \times 1 = 5 \text{ weightage})$$

Part C (Short Answer Questions)

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

24. Briefly explain the sources of revenue of union government of India.

25. Write a note on the role of government in national economy.

26. What is meant by zero based budgeting ?

27. Discuss the ability to pay approach to the distribution of tax burden.

Turn over

28. Briefly explain the pricing of public utilities.

29. Distinguish between VAT and GST.

30. What are the sources of public debt ?

31. Discuss the importance of fiscal decentralization in an economy.

32. Elaborate the principles of federal finance.

33. What is the crux of Tiebout hypothesis ?

$(7 \times 2 = 14$

Part D (Essay Questions)

Answer any two questions.
Each question carries a weightage of 4.

34. Discuss the importance of monetary policy in an economy. Explain its instruments.

35. Bring out the reasons for the growth of public expenditure in India.

36. Critically examine the Bowen-Black majority voting model.

37. Discuss the major issues in the centre-state financial relations in India.

$(2 \times 4 = 8$

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