

Name.....

Reg. No.....

**SECOND SEMESTER M.A. DEGREE (REGULAR/SUPPLEMENTARY)
EXAMINATION, APRIL 2022**

[April 2021 Session for SDE/Private students]

(CBCSS)

Economics

**ECO 2C 07—PUBLIC FINANCE : THEORY AND PRACTICE
(2019 Admission onwards)**

Time : Three Hours

Maximum : 30 Weightage

[Covid Instructions are not applicable for Pvt/SDE students]

General Instructions

1. In cases where choices are provided, students can attend all questions in each section.
2. The minimum number of questions to be attended from the Section / Part shall remain the same.
3. The instruction if any, to attend a minimum number of questions from each sub section / sub part / sub division may be ignored.
4. There will be an overall ceiling for each Section / Part that is equivalent to the maximum weightage of the Section / Part.

Part A

Answer all questions.

Each bunch of five questions carries a weightage of 1.

1. Public goods and services are :
 - (A) All goods and services paid for by government.
 - (B) Goods and services that would not be adequately provided by the market.
 - (C) Goods and services provided by publically held companies.
 - (D) Goods and services those are available to the public.
2. A multilevel decentralized fiscal system involving sharing of fiscal responsibilities between central, state and local governments is referred to as :
 - (A) Fiscal union.
 - (B) Fiscal federalism.
 - (C) Tax pooling.
 - (D) Fiscal equalisation.

Turn over

3. _____ of a tax is the first point of contact of the tax with the tax payers.
- (A) Incidence. (B) Effects.
(C) Impact. (D) Ability to pay.
4. Smoke from a factory drops ash all over your car. Government's economic function in this case is to :
- (A) Stabilize the economy.
(B) Provide public goods and services.
(C) Correct a negative externality.
(D) Maintain competition.
5. Which of the following is a measure of fiscal policy ?
- (A) CRR. (B) SLR.
(C) Public expenditure. (D) Moral suasion.
6. Which of the following tax is abolished by the Goods and Services Tax ?
- (A) Property tax. (B) Corporation tax.
(C) VAT. (D) All of the above.
7. Marginal cost of providing the public goods to additional consumers is :
- (A) One. (B) Negative.
(C) Zero. (D) Greater than one.
8. 'A Pure Theory of Local Expenditures' is the article of :
- (A) Musgrave. (B) Tiebout.
(C) Samuelson. (D) Ricardo.
9. The most important characteristic of a federation is :
- (A) Center's supremacy over States.
(B) Non- correspondence between the functions and resources of the Central and State governments.
(C) Perfect match between functions and resources of the Central and State governments.
(D) None of the above.
10. The Credit Authorisation Scheme was launched in :
- (A) 1965. (B) 1989.
(C) 1956. (D) 1998.

What is the result of the free rider problem ?

- (A) Public goods are underprovided.
- (B) Public goods are overprovided.
- (C) Public goods are arbitrarily priced.
- (D) People who should pay for public goods get them for free.

According to demand and supply theory of tax shifting, the share of the tax borne by the buyer will be the larger according as the elasticity of supply is ———.

- (A) Smaller.
- (B) Zero.
- (C) Larger.
- (D) One.

Which is not the characteristic of a tax ?

- (A) Compulsory.
- (B) Non-compulsory.
- (C) No quid pro quo.
- (D) Punishment to tax evader.

According to Samuelson pure public good is :

- (A) Club goods.
- (B) Quasi public goods.
- (C) Collective consumption goods.
- (D) Common pool goods.

5. The horizontal fiscal imbalance that arises in a fiscal federation is also called :

- (A) Problem of economy.
- (B) Problem of effectiveness.
- (C) Problem of efficiency.
- (D) Problem of Equalisation.

(15 × 1/5 = 3 weightage)

Part B (Very Short Answer Questions)

Answer any **five** questions.

Each question carries a weightage of 1.

- 6. What is club goods ?
- 7. What is tiebout hypothesis ?
- 8. Briefly explain shifting of tax.
- 9. State progressive tax.
- 10. Discuss fiscal deficit.

Turn over

21. What do you mean by vertical imbalance ?
22. Explain general equilibrium analysis of tax.
23. Define Pigouvian subsidy.

Part C (Short Answer Questions)

Answer any **seven** questions.

Each question carries a weightage of 2.

24. Analyse the latest union budget
25. Examine GST in India.
26. Briefly explain the 15th Finance Commission report.
27. Discuss horizontal imbalance.
28. Analyse Domar stability condition.
29. What do you mean by fiscal decentralization ?
30. Discuss public choice theory.
31. Write a short note on federal finance.
32. Analyse FRBM Act.
33. Write a short note on balanced budget multiplier.

Part D (Essay Questions)

Answer any **two** questions.

Each question carries a weightage of 4.

34. Analyse the trends and sources of revenue in the union, state and local bodies in India.
35. Critically evaluate the theory of intergovernmental transfers.
36. Explain debt burden and inter-generational equity.
37. Discuss the role of government in a national economy.

213027