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(Pages : 3)

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

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SECOND SEMESTER M.A./M.Sc./M.Com. DEGREE EXAMINATION, JUNE 2020

(CBCSS)

Economics

ECO 2C 07—PUBLIC FINANCE : THEORY AND PRACTICE

(2019 Admissions)

Time : Three Hours

Maximum : 30 Weightage

Part A

Answer all questions.
Each question carries ¼ weightage.

Multiple Choice Questions :

1. The good which yield satisfaction only to the person who consumes the good is :

    a) Merit good.

    b) Club good.

    c) Private good.

    d) Public good.

2. The chairman of 14th Finance Commission is :

    a) Y.V. Reddy.

    b) Nand Kishore Singh.

    c) Vijay K Kelkar.

    d) C. Rangarajan.

3. The difference between total expenditure and total receipts except loans and other liabilities is called :

    a) Primary deficit.

    b) Fiscal deficit.

    c) Revenue deficit.

    d) Budget deficit.

4. Zero Based Budgeting was first introduced in :

    a) Canada.

    b) India.

    c) Japan.

    d) United States.

5. Which of the following tax is levied by the state government only ?

    a) Income tax.

    b) Corporate tax.

    c) Entertainment tax.

    d) Tax on buildings.

6. The main source of revenue of the central government is :

    a) Excise duty.

    b) Income tax.

    c) Corporate tax.

    d) Customs duty.

Turn over

7. The incidence of a tax means :

    a) Immediate burden.   b) Rate of taxation.

    c) Effect of tax.   d) Final burden.

8. Which of the following is not a fiscal measure ?

    a) Tax subsidy.   b) Interest rate.

    c) Public expenditure.   d) Public debt.

9. Goods and service Tax was introduced in India on :

    a) 1st July 2017.   b) 8th November 2016.

    c) 1st July 2016.   d) 8th November 2017.

10. Under FRBM Act which deficit was committed to reduce to zero by all states and centre by 2008-09

    a) Primary deficit.   b) Fiscal deficit.

    c) Revenue deficit.   d) Budgetary deficit.

11. If the tax rate increases with increase in tax base, it is related to :

    a) Proportional tax.   b) Regressive tax.

    c) Degressive tax.   d) Progressive tax.

12. Which of the following principle is called Least Aggregate Sacrifice Principle of incidence ?

    a) Equal Absolute Sacrifice.   b) Equal Proportional Sacrifice.

    c) Equal Marginal Sacrifice.   d) None of these.

(12 × ¼ = 3 weightage)

Part B (Short Answer Type)

Answer any five out of eight questions.
Each question carries 1 weightage.

13. What is meant by public utility ? What are the characteristics of public utilities ?

14. What is log rolling ? Explain.

15. What do you mean by fiscal federalism ?

16. What is Pigouvian tax ? Discuss.

17. Explain the various sources of public debt.

18. Define pump priming. What are its effects ?

19. Explain tax buoyancy.

20. Explain merit good.

(5 × 1 = 5 weightag

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Part C (Paragraph Type)

Answer any seven out of ten questions.
Each question carries 2 weightage.

21. Examine the role of government in a national economy.

22. Give a brief account of Tiebout model.

23. Explain the relevance of FRBM Act.

24. How the provision of public goods leads to market Failure ?

25. Discuss Domar debt stability condition for the central government.

26. Distinguish between horizontal and vertical imbalance in inter governmental transfers.

27. Briefly explain Bowen-Black majority voting model.

28. Give an account of the major highlights of union budget 2019-20.

29. Distinguish between impact and incidence of a tax.

30. What do you mean by debt burden ? Explain.

$(7 \times 2 = 14 \text{ weightage})$

Part D (Essay Type)

Answer any two out of four questions.
Each question carries 4 weightage.

1. Discuss the various sources of revenue of central and state governments in India. Examine the recent trends in revenue of central government in India.

2. Explain Finance Commission. Briefly discuss the main recommendations of the Fourteenth Finance Commission.

3. Critically evaluate the centre state financial relations in India. What measures you suggest to correct the anomalies of centre state financial relations ?

4. In modern times there is rapid increase of public expenditure in India. Discuss the trends in public expenditure of India. Identify the factors responsible for the rapid growth of public expenditure.

$(2 \times 4 = 8 \text{ weightage})$