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Name _____

Reg. No. _____

SECOND SEMESTER M.A. DEGREE EXAMINATION, JUNE 2017

(CUCSS)

Economics

ECO 2C 07—PUBLIC FINANCE : THEORY AND PRACTICE

(2015 Admissions)

Maximum : 35 Weightage

Time : Three Hours

Part A

Answer all questions.

Each bunch of four questions carries a weightage of ¼.

Multiple choices :

1. Congested public goods are called :
 - (a) Merit goods.
 - (b) Demerit goods.
 - (c) Club goods.
 - (d) Partial social goods.
2. Which one is development expenditure ?
 - (a) Civil administration.
 - (b) Irrigation expenditure.
 - (c) Debt services.
 - (d) Grant-in-Aid.
3. Gadgil formula is related to :
 - (a) Budgetary transfers.
 - (b) Statutory transfers.
 - (c) Plan transfers.
 - (d) Discretionary transfers.
4. Capital levy is :
 - (a) Administrative revenue.
 - (b) Tax on capital goods.
 - (c) A method of debt redemption.
 - (d) None of these.
5. Grants recommended by the finance commission are known as :
 - (a) Plan grants.
 - (b) Discretionary grants.
 - (c) Statutory grants.
 - (d) Conditional grants.
6. Laffer curve relates to the theory of :
 - (a) Taxation.
 - (b) Trade.
 - (c) Public debt.
 - (d) Expenditure.

Turn over

7. Professional tax is imposed by :
 (a) Central government.
 (b) State government.
 (c) Local bodies.
 (d) Concerned institutions.
8. Non exclusion principle is applicable for :
 (a) Public goods.
 (b) Private goods.
 (c) Merit goods.
 (d) Mixed goods.
9. Increasing trend of public expenditure has been analysed by :
 (a) Adam Smith.
 (b) Eric Lindahl.
 (c) P.E.Taylor.
 (d) Adolph Wagner.
10. The Finance Commission in India is set up by :
 (a) President of India.
 (b) Prime Minister.
 (c) Parliament.
 (d) Finance Minister.
11. Zero base budgeting was first used in :
 (a) America.
 (b) Germany.
 (c) India.
 (d) England.
12. The equity principle of taxation was given by :
 (a) Dalton.
 (b) Ursula Hicks.
 (c) Adam Smith.
 (d) Musgrave.

(12 × ¼ =

Part B (Very Short Answer Questions)

Answer any five questions.

Each question carries a weightage of 1.

13. What are the features of public goods ?
14. State the case of zero base budgeting.
15. What is meant by optimal taxation ?
16. What is balance budget multiplier ?
17. State the Peacock-Wiseman hypothesis.

18. What do you mean by the term built-in-stabilizers ?
19. What is fiscal federalism ?
20. Distinguish between VAT and MODVAT.

(5 × 1 = 5 weightage)

Part C (Short Answer Questions)

Answer any eight questions.

Each question carries a weightage of 2.

21. Examine the changing role of public sector in national economy.
22. Explain the causes for the failure of public sector in India.
23. What are the features of FRBM Act and explain its implications.
24. Explain the incidence and shifting of tax.
25. What are the different methods of repaying public debt ?
26. Explain the reasons for the growth of non-developmental expenditures in India in recent years.
27. What are the effects of public expenditure ?
28. State the difference between the burden of internal and external debt.
29. What is Coase theorem ? Is it a realistic tool for solving externality problems ?
30. What is federal finance ? Explain its principles.
31. What are the problems related to financing of social infrastructure and human development in India ?

(8 × 2 = 16 weightage)

Part D (Essay Questions)

Answer any three questions.

Each question carries a weightage of 4.

32. Critically analyse the role of finance commissions in Centre-State financial relations.
33. What is meant by incidence of taxation ? Give the significance of Musgrave's theory of incidence.
34. What are the principles of taxation ? Explain ability to pay theory of taxation and show how it leads to progressive taxation.
35. Explain the trends in revenue, expenditure and public debt in India in the post reform period.
36. What are the salient features of Indian tax system ? State the principal taxes of India.

(3 × 4 = 12 weightage)