C 4817 (Pages : 4) Name.................................

Reg. No..............................

SECOND SEMESTER M.A. DEGREE EXAMINATION, JUNE 2016

(CUCSS)

Economics

ECO 2C 07—PUBLIC FINANCE THEORY AND PRACTICE

(2015 Admissions)

Time : Three Hours Maximum : 36 Weightage

Part A (Multiple Choice Questions)

Answer **all** *questions.*

Each question carries ¼ weightage.

1. Which *one* of the following is treated as private goods ?

   (a) Ordinary consumer goods.

   (b) Defense.

   (c) Law and orders.

   (d) Public education.

2. The Chairman of the first Finance Commission was :

   (a) K. C. Panth. (b) K. C. Neogy.

   (c) K. Santhanam. (d) A. K. Chanda.

3. The debt which has a currency of at least twelve months at the time of issue is called as :

   (a) Unfunded debt. (b) Floating debt.

   (c) Funded debt. (d) None of the above.

4. Gift tax was introduced in India in :

   (a) 1961. (b) 1960.

   (c) 1954. (d) 1958.

5. The Chairman of the Tax Reforms Committee constituted in 1991 was :

   (a) K. N. Raj. (b) Raja J. Chelliah.

   (c) L. K. Jha. (d) J. K. Mehta.

Turn over

6. The most important source of revenue to the State Governments in India is :

   (a) Income tax. (b) Gift tax.

   (c) Sales tax. (d) Expenditure tax.

7. Personal income tax is levied by :

   (a) Central Government. (b) State Governments.

   (c) Local-self Governments. (d) None of the above.

8. The effect of a rise in output on the use of any particular input, keeping input prices constant is called as :

   (a) Input effect. (b) Output effect.

   (c) Price effect. (d) None of the above.

9. The term 'Profit Inflation' was coined by :

   (a) J. M. Keynes. (b) A. P. Lerner.

   (c) R. G. Hawtrey. (d) J. A. Schumpeter.

10. In India, wealth tax was recommended by :

    (a) A. K. Sen. (b) A. M. Khusro.

    (c) N. Kaldor. (d) None of the above.

11. The ways and means advances provided by the R. B. I. to the Government are :

    (a) Short term advances. (b) Long term advances.

    (c) Medium term advances. (d) None of the above.

12. Tax based incomes policy refers to :

    (a) A policy of using the tax system to raise productivity.

    (b) A policy of using the tax system to reduce inflation.

    (c) A policy of using the tax system to promote faster economic growth.

    (d) None of the above.

(12 × ¼ = 3 weightage)

Part B (Very Short Answer Questions)

Answer any **five** *questions.*
Each question carries 1 *weightage.*
Define the following in one **or** *two sentences.*

13. Merit goods.

14. Revenue deficit.

15. Tax buoyancy.
16. Wagner's Law.
17. Debt service.
18. Capital receipts.
19. Concurrent List.
20. Expenditure Tax.

(5 × 1 = 5 weightage)

Part C (Short Answer Questions)

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

21. Examine various instances of market failures.
22. Explain Tiebout model of public policy.
23. Explain zero base budgeting.
24. Briefly mention the features of programme budgeting.
25. Briefly discuss Musgrave's approach to incidence of tax.
26. Describe the theory of optimal taxation.
27. Mention different methods of repayment of public debt.
28. Examine the trends and pattern of financing social infrastructure and human development in India.
29. Explain the anomalies in the Central- State financial relations in India.
30. Briefly discuss various principles of allocation of resources between Central and State Governments.
31. Explain the sources of revenue to the Panchayati Raj Institutions in India.

(8 × 2 = 16 weightage)

Part D (Essay Questions)

Answer any **three** *questions.*
Each question carries 4 weightage.

32. Discuss the growing fiscal crisis in Kerala.
33. Critically examine the role of Finance Commission in the allocation of resources between Central and State Governments in India.

34. Discuss the classification, composition and growth of public expenditure in India.

35. Critically examine different methods of resource mobilization and their impact on growth, distribution and prices.

36. Briefly discuss the stages involved in preparation, presentation and execution of a budget.

($3 \times 4 = 12$ weightage)