

**D 43710**

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**Name.....**

**Reg. No.....**

**SECOND SEMESTER M.A. DEGREE EXAMINATION, JUNE 2018**

**(CUCSS-PG)**

**Economics**

**ECO 2C 07—PUBLIC FINANCE : THEORY AND PRACTICE**

**(2015 Admissions)**

Time : Three Hours

Maximum : 36 Weightage

**Part A**

*Answer all questions.*

*Each question carries a weight of ¼.*

Multiple Choice :

1. The market economy serves to secure an efficient use of resources in providing for :
  - (a) Public goods.
  - (b) Private goods.
  - (c) Club goods.
  - (d) Mixed goods.
2. The theory of local public good is related to :
  - (a) Clark.
  - (b) Buchanan.
  - (c) Tiebout.
  - (d) Lindahl.
3. If the demand for good is inelastic, the tax burden will be on the :
  - (a) Buyers.
  - (b) Sellers.
  - (c) Equally on buyers and sellers.
  - (d) None of these.
4. Repudiation is a form of :
  - (a) Tax revenue.
  - (b) Non-tax revenue.
  - (c) Public debt.
  - (d) Debt redemption.
5. Voluntary exchange theory is given by :
  - (a) Musgrave and Keynes.
  - (b) Samuelson and Prest.
  - (c) Lindahl and Bowen.
  - (d) Bowen and Hicks.
6. Wagner's view is related to :
  - (a) Taxation.
  - (b) Public revenue.
  - (c) Public debt.
  - (d) Public expenditure.
7. Externality refers to :
  - (a) Internal effects.
  - (b) Spillover effects.
  - (c) Social costs.
  - (d) Social benefits.

**Turn over**

8. Grant-in-Aid is related to :
- (a) Public expenditure. (b) Public revenue.  
(c) Public debt. (d) Centre-State financial relations.
9. Balanced budget theory was supported by :
- (a) Classical. (b) Keynesians.  
(c) Neo-classicals. (d) Modern economists.
10. The Direct Taxation Enquiry Committee is popularly known as :
- (a) Tyagi Committee. (b) Chokshi Committee.  
(c) Wanchoo Committee. (d) Boothalingam Committee.
11. Sales tax is a :
- (a) Progressive tax. (b) Regressive tax.  
(c) Proportional tax. (d) Digressive tax.
12. Tax imposed on property transferred among living people by means of other than a market transaction is :
- (a) Sales tax. (b) Gift tax.  
(c) Wealth tax. (d) Income tax.

(12 × ¼ = 3 weightage)

**Part B (Very Short Answer Questions)**

*Answer any five questions.*

*Each question carries a weight of 1.*

13. What are mixed goods ?
14. What is performance budgeting ?
15. State the benefit theory of taxation.
16. What is taxable capacity ?
17. What are the methods of debt redemption ?
18. State Wagner's law.
19. What are the principles of federal finance ?
20. What do you mean by Fiscal crisis ?

(5 × 1 = 5 weightage)

**Part C (Short Answer Questions)**

*Answer any eight questions.*

*Each question carries a weight of 2.*

21. Explain the role of public sector in a mixed economy.
22. Distinguish between public goods and private goods.
23. Explain the merits and demerits of zero base budgeting.

24. Explain the ability to pay theory of taxation.
25. What is Fiscal deficit ? Explain the measures to control Fiscal deficits in India.
26. Discuss the techniques and problems in public debt management in India.
27. Explain the measures to control the growth of public expenditures in India.
28. Explain the role of centre in the formulation and implementation of state plans.
29. Discuss the recommendations of 13th Finance Commission in India.
30. Explain the main features of India's tax structure.
31. Discuss the Fiscal problems of local bodies in India.

(8 × 2 = 16 weightage)

**Part D (Essay Questions)**

*Answer any three questions.*

*Each question carries a weight of 4.*

32. Critically examine how the objectives of allocation, distribution, stabilization and growth are attained in an economy.
33. Outline the partial and general equilibrium approach to the theory of tax incidence.
34. Explain the economic effects of public expenditure.
35. Explain the incidence and shifting. What are the factors influencing the shifting of a tax ?
36. Examine the role of finance commission and the various issues in Centre-State financial relations.

(3 × 4 = 12 weightage)