

C 63124

(Pages : 3)

Name.....

Reg. No.....

**SECOND SEMESTER M.A. DEGREE EXAMINATION, JUNE 2019**

(CUCSS)

Economics

EC 02 C07—PUBLIC FINANCE : THEORY AND PRACTICE

(2015 Admissions)

Time : Three Hours

Maximum : 36 Weightage

**Part A**

*Answer all questions.*

*Each question carries a weightage of ¼.*

1. The father of modern Public Finance was ———.  
(a) Adam Smith. (b) Dalton.  
(c) Richard A Musgrave. (d) Keynes.
2. A budget where there is excess of expenditure over revenue is called ———.  
(a) Primary deficit. (b) Budgetary deficit.  
(c) Gross Fiscal deficit. (d) Public debt.
3. Functional Finance concept was introduced by ———.  
(a) A.P. Lerner. (b) Musgrave.  
(c) Keynes. (d) A.C. Pigou.
4. The Finance Commission in India is appointed by ———.  
(a) Ministry of Finance. (b) Prime Minister.  
(c) President. (d) Governor.
5. Education is an example for ———.  
(a) Club good. (b) Merit good.  
(c) Local public good. (d) Private good.
6. Incidence of a tax refers to ———.  
(a) Immediate money burden of tax. (b) Final money burden of tax.  
(c) Loss in welfare. (d) Shifting of tax.
7. Government refuses to pay the public debt is called ———.  
(a) Refunding. (b) Repudiation.  
(c) Conversion. (d) Sinking Fund.

Turn over

8. The funded debt is ———.
- (a) Short term debt. (b) Long term debt.  
(c) Voluntary debt. (d) Compulsory debt.
9. The least spending and lowest amount of tax imposed by the government is called ———.
- (a) Deficit finance. (b) Sound finance.  
(c) Functional finance. (d) Surplus finance.
10. The Law of Increasing State Activity was propounded by ———.
- (a) Adolf Wagner. (b) Wiseman.  
(c) Lindahl. (d) Keynes.
11. Plan expenditure in India is met by ———.
- (a) Internal debt and other sources. (b) Assistance from IMF.  
(c) Assistance from OECD. (d) Taxation.
12. The most accepted theory of taxation in modern times is ———.
- (a) Benefit theory. (b) Cost of service.  
(c) Financial theory. (d) Ability theory.

(12 × ¼ = 3 weightage)

### Part B

*Answer any five questions.  
Each question carries 1 weightage.*

13. Define taxable capacity.
14. State Fiscal federalism.
15. Differentiate revenue and capital budget.
16. Explain compensatory finance.
17. Explain congested public good.
18. Mention about performance budgeting.
19. Explain formal and effective incidence of tax.
20. Give a note on FRBM Act.

(5 × 1 = 5 weightage)

### Part C

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

21. Explain the features of social goods.
22. Define Wagner's law.
23. Give a note on Domer's view on public debt.

24. Explain Pigovian tax.
25. Distinguish between scheme and non-scheme public expenditure.
26. State the role of Finance Commission.
27. Define the term Fiscal drag.
28. Explain Balanced Budget Multiplier.
29. Explain critical limit hypothesis.
30. Mention about Fiscal decentralization.
31. State Coase theorem.

(8 × 2 = 16 weightage)

#### **Part D**

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

32. Explain Peacock-Wiseman hypothesis of public expenditure.
33. Evaluate Tax Reforms in India.
34. State the different forms of public debt.
35. Explain the general equilibrium analysis of tax incidence in India.
36. Examine the performance of Fiscal policy in India.

(3 × 4 = 12 weightage)