

C 22865

(Pages : 3)

Name.....

Reg. No.....

SECOND SEMESTER P.G. DEGREE EXAMINATION, APRIL 2022

(CCSS)

Economics

ECO 2C 09—PUBLIC FINANCE AND POLICY

(2019 Admissions)

Time : Three Hours

Maximum : 80 Marks

Part A*Answer all questions.**Each question carries 1 mark.*

1. Goods that have characteristics of both private and public goods are called :
 - a) Merit goods.
 - b) Club goods.
 - c) Quasi-public goods.
 - d) None of the above.
2. Which of the following are true about GST, except ?
 - a) The goods and services tax (GST) is a tax on goods and services sold domestically for consumption.
 - b) The tax is included in the final price and paid by consumers at point of sale and passed to the government by the seller.
 - c) The GST is a common tax used by the majority of countries globally.
 - d) The GST is usually taxed as a multiple rate across a nation.
3. When $E_d = \infty$ or $E_s = 0$, the whole tax incidence is on :
 - a) Buyers.
 - b) Sellers.
 - c) Government.
 - d) None of these.
4. Which of the following refers to refusal to repay the debt ?
 - a) Repudiation.
 - b) Capital levy.
 - c) Sinking fund.
 - d) None of the above.
5. Taxes levied on the manufacture of goods within the country are :
 - a) Custom duty.
 - b) Excise duty.
 - c) Sales tax.
 - d) Wealth tax.

Turn over

6. In the Union Budget, profits from public sector undertakings are taken under :
- a) Revenue receipts.
 - b) Capital receipts.
 - c) Monetized receipts.
 - d) Planned expenditure.
7. The public debt of a country is not necessarily a burden on the economy to the extent that :
- a) It can be financed without adding to inflation.
 - b) People receive good public services.
 - c) It is paid for by borrowing abroad.
 - d) It grows less rapidly than GDP.
8. The difference between the current year's fiscal deficit and the interest paid on the borrowings of the previous year is :
- a) Revenue deficit.
 - b) Capital deficit.
 - c) Budget deficit.
 - d) Primary deficit.
9. Which of the following refers to market borrowing by Government ?
- a) Sales to the public of government bonds, treasury bills in the capital market.
 - b) Issue of national savings certificates.
 - c) Issue of National Plan Bonds.
 - d) Collection of deposits at State owned Post Offices.
10. Existence of Centre State economic inequalities is known as :
- a) Vertical imbalance.
 - b) Horizontal Imbalance.
 - c) Parallel imbalance.
 - d) None of these.

(10 × 1 = 10 marks)

Part B (Very Short Answer Questions)

*Answer any **five** questions.
Each question carries 2 marks.
Answer in one **or** two sentences each.*

- 11. State the characteristics of a public good.
- 12. What are the different types of Budgetary deficit ?
- 13. Define Plurality Voting.
- 14. What is debt-service ratio ?

15. What is meant by the Canon of Elasticity ?
16. What is fiscal decentralization ?
17. Define VAT.
18. Define Fiscal Multiplier.

(5 × 2 = 10 marks)

Part C (Short Answer Questions)

*Answer any **eight** questions.*

Each question carries 5 marks.

19. Explain the theory of clubs.
20. Differentiate between the transfer and non - transfer expenditure.
21. Explain the median voter theorem and its implications.
22. How can India bring in a balanced fiscal federalism ?
23. What is Ramsey rule for optimal commodity taxation ?
24. State the features of GST.
25. Explain the phenomenon of voting with feet.
26. Bring out the relationship between price elasticity and tax incidence.
27. Describe the various criteria relevant for making choice among local taxes.
28. How can one evaluate the effects of a budget deficit ?
29. Explain the balanced budget multiplier.
30. Write a note on positive externalities.

(8 × 5 = 40 marks)

Part D (Essay Type Questions)

*Answer any **two** questions.*

Each question carries 10 marks.

31. Describe in detail the partial equilibrium analysis with respect to the theory of taxation.
32. Explain the economic rationale for intergovernmental transfers.
33. Describe the concept of sustainability of public debt. State the Domar stability condition.
34. Describe the marginal cost pricing rule pricing of public utilities.

(2 × 10 = 20 marks)