

SECOND SEMESTER P.G. DEGREE EXAMINATION, APRIL 2021

(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.***Multiple Choice Questions :**

1. FRBM act was enacted on :
 - (a) 2000.
 - (b) 2001.
 - (c) 2002.
 - (d) 2003.
2. A service in which a tendency to a local monopoly necessitates, the intervention of a public authority to defend the interest of the consumer is known as :
 - (a) Public utility.
 - (b) Private sector.
 - (c) Tax.
 - (d) Public revenue.
3. The expansionary effect of a balanced budget is known as :
 - (a) Unbalanced budget multiplier.
 - (b) Balanced budget multiplier.
 - (c) Programme budgeting.
 - (d) Zero based budgeting.
4. Who among the economist introduced the concept of merit good ?
 - (a) Musgrave.
 - (b) A.P. Lerner.
 - (c) J.M. Keynes.
 - (d) A.C. Pigou.
5. Pollution emitted by a factory that muddies the surrounding environment and effects the health of nearby residents is an example of :
 - (a) Positive externality.
 - (b) Negative externality..
 - (c) Public debt.
 - (d) Public good.

Turn

6. When supply is more elastic than demand, the tax burden falls on :
 (a) Sellers.
 (b) Buyers.
 (c) Government.
 (d) Foreign government.
7. India introduced VAT in the year :
 (a) 1980.
 (b) 1886.
 (c) 2005.
 (d) 1986.
8. MNREGA was launched in the year :
 (a) 2000.
 (b) 2006.
 (c) 2003.
 (d) 2008.
9. Tiebout hypothesis was introduced in the year :
 (a) 1950.
 (b) 1956.
 (c) 1966.
 (d) 1965.
10. Diffusion theory was propounded by :
 (a) A.C. Pigou.
 (b) N.F. Canard.
 (c) Seligman.
 (d) Edgeworth.

(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. What do you mean by club good ?
12. What do you mean by Pigouvian tax ?
13. What do you mean by federalism ?
14. What do you mean by internal and external debt burden ?
15. Examine the basic reasons for increasing public expenditure under welfare state.
16. What do you mean by debt sustainability ?
17. What do you mean by public expenditure ?
18. Examine the Coase theorem.

(5 × 2 = 10 marks)

Part C (Short Answer Questions)

*Answer any **eight** questions.*

Each question carries 5 marks.

19. Examine the pure theories of taxation.
 20. Explain the process of pricing of public utilities.
 21. Examine the changing centre-state relations during reform period in India.
 22. What do you mean by stabilisation and allocation function ?
 23. Briefly explain tiebout model.
 24. Explain the importance of GST in Indian tax system.
 25. What do you mean by subsidy ? Explain different types of subsidies.
 26. Explain median voter theorem.
 27. Describe the various sources of revenue of state government under Indian constitution.
 28. Review the major recommendations of fourteenth finance commission in India.
 29. Examine the macro economic impacts of debt burden in national economy.
 30. Evaluate the effectiveness and performance of centrally sponsored schemes in India.
- (8 × 5 = 40 marks)

Part D (Essay Type Questions)

*Answer any **two** questions.*

Each question carries 10 marks .

31. Examine first generation theory in fiscal federalism.
32. Explain the factors that influence the incidence and shifting of taxation.
33. Examine the trends in public expenditure in India.
34. Briefly examine public choice theory.

(2 × 10 = 20 marks)