

C 20328

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Name.....

Reg. No.....

SIXTH SEMESTER (CUCBCSS—UG) DEGREE EXAMINATION, MARCH 2022

Economics

ECO 6B 13—PUBLIC FINANCE

(2014 to 2018 Admissions)

Time : Three Hours

Maximum : 80 Marks

Section A

*Answer all twelve questions.
Each question carries ½ mark.*

1. A free rider is ————.
 - (a) A person who gets to enjoy a public good without having to pay for it.
 - (b) A person who is eligible for free rides on public transportation.
 - (c) A person eligible for transfer Payments.
 - (d) A Taxpayer.
2. Which of the following consists of the total or accumulated borrowings by the Government ?
 - (a) Budget surplus.
 - (b) Government debt.
 - (c) Balanced budget.
 - (d) Budget deficit.
3. Government's share of public expenditure has ———— since 1947 in India.
 - (a) Decreased.
 - (b) Increased.
 - (c) Stayed The Same.
 - (d) Equaled zero.
4. Which of the following holds that individuals should be taxed in proportion to the benefit they receive from government programs ?
 - (a) Ability-to-pay principle.
 - (b) Horizontal equity principle.
 - (c) Vertical equity principle.
 - (d) Benefit principle.
5. When a good is excludable, it means ———— ?
 - (a) The good is consumed exclusively by the private sector.
 - (b) The government is excluded from providing that good.
 - (c) Non-payers can be excluded from receiving the benefits.
 - (d) Certain suppliers can be excluded from providing that good.

Turn over

6. Dev makes Rs. 30,000 per year and pays Rs. 6,000 in income taxes. Raj makes Rs. 40,000 and pays Rs. 7,000 in income taxes. This is an example of :
- (a) A Progressive Tax. (b) A Proportional Tax.
(c) A Regressive Tax. (d) A Degressive Tax.
7. Which of the following describes the situation where revenues and expenditures are equal during a given period ?
- (a) Budget Surplus. (b) Balanced Budget.
(c) Budget Deficit. (d) Budgetary Deficit.
8. Taxation is a tool of _____.
- (a) Fiscal Policy. (b) Monetary Policy.
(c) Income Policy. (d) Supply-side Policy.
9. Who defined Public Finance as a dull, unimaginative, extremely limited and almost irrelevant discipline ?
- (a) J.M. Buchanan. (b) H. Dalton.
(c) R.A. Musgrave. (d) E. Lindhal.
10. Public goods are characterized by :
- (a) Absence of Free Riders. (b) Non-rivalry.
(c) Excludability. (d) All of the above.
11. Consider the following statements and identify the right ones :
- 1) The 14th Finance Commission is headed by C. Rangarajan.
2) Recommendations of the Commission will come into effect from April 1, 2015.
- (a) 1) only. (b) 2) only.
(c) Both. (d) None.
12. Indian Income tax is an example of _____.
- (a) A Progressive Tax. (b) A Proportional Tax.
(c) A Regressive Tax. (d) A Degressive Tax.

(12 × ½ = 6 marks)

Section B (Very Short Answer Type Questions)

*Answer any ten questions.
Each question carries 2 marks.*

13. Public Finance.
14. Tax Evasion.

15. External Debt.
16. Horizontal Equity.
17. Shifting Of Taxation.
18. Any Four Major Taxes Imposed By Local Self-Governments in India.
19. Fiscal Policy.
20. Private Goods with example.
21. Federal Finance.
22. Deficit Financing.
23. Performance budgeting.
24. Primary deficit.

(10 × 2 = 20 marks)

Section C (Short Essay Questions)

*Answer any six questions.
Each question carries 5 marks.*

25. What are the merits and demerits of direct taxes ?
26. Detail Wagner's Law of Increasing Public Expenditure.
27. What are the canons of taxation ?
28. What does the Principle of Maximum Social Advantage deal with ?
29. What is the difference between progressive and proportional taxation ?
30. Distinguish between public finance and private finance.
31. Briefly explain the different types of public debt.
32. Differentiate between public and private goods.

(6 × 5 = 30 marks)

Section D (Essay Questions)

*Answer any two questions.
Each question carries 12 marks.*

33. Explain in detail the key recommendations of the 14th Finance Commission.
34. Discuss the objectives and role of fiscal policy in developing countries.
35. Discuss the major sources of revenue of the governments.
36. Discuss the effect of public expenditure based on Central transfers in India in the context of changing Centre-State financial relations.

(2 × 12 = 24 marks)