



K21P 0684

Reg. No. :

Name :

**II Semester M.A. Degree (CBSS – Reg./Suppl. (Including Mercy Chance)/
Imp.) Examination, April 2021
(2014 Admission Onwards)**

**ECONOMICS / APPLIED ECONOMICS / DEVELOPMENT ECONOMICS
ECO 2C08 : Public Economics – I**

Time : 3 Hours

Max. Marks : 60

**PART – A
(Objective Type Questions)**

Write **all** the **eight** questions. **Each** question carries $\frac{1}{2}$ marks.

(8× $\frac{1}{2}$ =4)

1. Receipts from disinvestment of PSU's
 - a) Revenue receipts
 - b) Capital receipts
 - c) Public debt
 - d) Non tax receipts
2. Income tax is based on the principle of
 - a) Benefit
 - b) Service
 - c) Ability to pay
 - d) Propriety
3. Indirect taxes are generally
 - a) Progressive
 - b) Regressive
 - c) Proportionate
 - d) Constant
4. Non rivalry and non- excludability is the feature of
 - a) Private goods
 - b) Merit goods
 - c) Public goods
 - d) Both public goods and merit goods

P.T.O.



5. Interest payments to the foreign debt of India is
- Debited in the current account
 - Credited in the current account
 - Debited in the capital account
 - Credited in the capital account
6. An increase in lump- sum taxes
- Reduces consumer saving
 - Increases consumer spending
 - Increases the level of output
 - Increases the level of investment
7. Who suggested that an expenditure tax in India as an alternative to income tax ?
- Musgrave
 - Galbraith
 - Dalton
 - Kaldor
8. Which of the following is not a fiscal measure ?
- Public expenditure
 - Interest rate
 - Tax subsidies
 - Investment subsidies

PART – B

Short Answer Type questions. Write **any eight** questions. **Each** question carries **(8×2=16)** 2 marks.

- Comment on non-excludability of a good or service.
- Explain the ability to pay principle of taxation.
- What is public expenditure ?
- Why should we increase capital expenditure ?
- Explain the components of non-tax revenue.



14. Explain Wagner's hypothesis on public expenditure.
15. Write a note on Goods and Service Tax.
16. Distinguish between public finance and Private finance.
17. What is free rider problem ?
18. What is Fiscal policy ?
19. What is market failure ?

PART – C

Short essay type questions. Write **any four** questions. **Each** answer should not exceed **two and half** a page. **(4×5=20)**

20. Critically examine the theory of optimal taxation.
21. Explain the effects of public expenditure.
22. Distinguish between plan and non-plan expenditure.
23. Explain the fundamentals and benefits of a project evaluation.
24. Analyze the causes and consequences of black money.
25. Problem of growing fiscal deficit in India.

PART – D

Answer **any two** questions. **Each** answer should not exceed **six** pages. **(2×10=20)**

26. Briefly explain the major trends in public expenditure in India.
 27. Identify the reasons responsible for the growth of public debt in India.
 28. Discuss the fiscal crisis and change in India's fiscal policy since 1991.
 29. Critically examine the recommendations of Chelliah Committee Report on Tax Reforms.
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