



K21P 0912

Reg. No. :

Name :

III Semester M.A. Degree (CBSS – Reg./Suppl./Imp.)
Examination, October 2021
(2018 Admission Onwards)
ECONOMICS/APPLIED ECONOMICS/DEVELOPMENT ECONOMICS
ECO 3C 10 : Public Economics – II

Time : 3 Hours

Max. Marks : 60

PART – A

(Objective Type Questions)

(Write **all** the **eight** questions. **Each** question carries ½ marks)

1. Essential functions of a modern state are
 - A) Maintenance of law and order
 - B) Provision of justice
 - C) Maintenance of public utilities
 - D) All of the above
2. What are the ways through which the central government can finance expenditure ?
 - A) By printing currency
 - B) By borrowing from the public
 - C) By imposing taxes
 - D) All of the above
3. Income tax is based on the principle of
 - A) Benefit
 - B) Service
 - C) Ability to pay
 - D) Propriety
4. Who suggested that an expenditure tax in India as an alternative to income tax ?
 - A) Musgrave
 - B) Galbraith
 - C) Dalton
 - D) Kaldor

P.T.O.



5. For the first time in India, Zero-based budgeting was implemented in the Finance Ministership of
- A) P. Chidambaram
B) Manmohan Singh
C) V. P. Singh
D) Yaswant Sinha
6. Loans raised from the public are shown under
- A) Revenue receipts
B) Revenue Expenditure
C) Capital receipts
D) Capital Expenditure
7. Local bodies can impose tax on
- A) Income
B) Sales
C) Wealth
D) House
8. The demonetization attempt to reduce black money was done in the year
- A) 1978
B) 1979
C) 1980
D) 1981

PART – B

(Short Answer Type Questions. Write **any eight** questions. **Each** question carries 2 marks).

9. Write a note on Performance budgeting.
10. What is Zero base budgeting ?
11. Distinguish between vertical and horizontal imbalance in fiscal federalism.
12. What do you mean by inter-governmental transfers ?
13. Distinguish between tax avoidance and tax evasion.
14. What is Tax buoyancy ?
15. What is the importance of local finance ?
16. What are the canons of taxation ?
17. Narrate the limitations of FRBM Act.
18. What are the instruments of Fiscal policy ?
19. Distinguish between Public Finance and Private Finance. (8×2=16)



PART – C

(Short Essay Type Questions. Write **any four** questions. **Each** answer should **not** exceed **two** and **half** a page).

20. Critically explain the Gadgil-Mukherjee Formula.
21. Why should we increase capital expenditure ?
22. Distinguish between plan and non-plan expenditure.
23. Explain the ability to pay principle of taxation.
24. Analyze the causes and consequences of black money.
25. What are the problems of growing fiscal deficit in India ?

(4×5=20)

PART – D

Answer **any two** questions. **Each** answer should **not** exceed **six** pages.

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. Explain the need for strengthening fiscal federalism in India.
29. Critically examine the recommendations of Chelliah Committee Report on Tax Reforms.

(2×10=20)