



K18P 0958

Reg. No. : .....

Name : .....

**Third Semester M.A. Degree (Reg./Suppl./Imp.)**  
**Examination, October 2018**  
**ECONOMICS/APP. ECONOMICS/DEV. ECONOMICS**  
**(2014 Admn. Onwards)**  
**ECO3C10 : Public Economics – II**

Time : 3 Hours

Max. Marks : 60

**PART – A**

Objective Type Questions.

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

1. Which of the following is not a fiscal measure ?
  - A) Borrowing by the state governments
  - B) Borrowing excess of FRBM limit
  - C) Cutting subsidies
  - D) Reducing interest rates
  
2. Receipts from disinvestment of PSU's
  - A) Revenue receipts
  - B) Capital receipts
  - C) Public debt
  - D) Non tax receipts
  
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
  
5. Indirect taxes are generally
  - A) Progressive
  - B) Regressive
  - C) Proportionate
  - D) Constant

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6. The Tax Reforms Committee under the chairmanship of Raja J. Chelliah was appointed in the year
- A) 1991  
B) 1953  
C) 1972  
D) 1993
7. Finance Commission is appointed by the President of India for every five years under Article \_\_\_\_\_ of the constitution.
- A) 275  
B) 273  
C) 280  
D) 285
8. Regarding the role of Government in economic activity, individualism and laissez-faire were the bedrock of
- A) Classical  
B) Physiocrats  
C) Mercantilists  
D) Keynesians
- (8×1/2=4)

PART – B

(Short answer type questions. Write **any eight** questions. **Each** question carries 2 marks)

9. What is Performance budgeting ?
10. What is Zero base budgeting ?
11. Explain vertical and horizontal imbalance.
12. What do you mean by Inter-governmental transfers ?
13. Distinguish between tax avoidance and tax evasion.
14. What is Tax Buoyance (Taxbuoyancy) ?
15. What is local finance ?
16. What are the canons of taxation ?
17. Explain FRBM Act.
18. What is 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 pages)

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. Analyse the causes and consequences of black money.
25. Problem 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)