

SIXTH SEMESTER B.A./B.Sc. DEGREE EXAMINATION, MARCH 2020

(CUCBCSS—UG)

Economics

ECO 6B 13—PUBLIC FINANCE

Time : Three Hours

Maximum : 80 Marks

Part A (Objective Type Questions)*Write all the twelve questions.**Each question carries ½ mark.*

1. Primary deficit is :
 - (a) Fiscal deficit + interest payment.
 - (b) Fiscal deficit - interest payment.
 - (c) Fiscal deficit + revenue deficit.
 - (d) Fiscal deficit - Revenue deficit.
2. Who suggested that an expenditure tax in India as an alternative to income tax :
 - (a) Musgrave.
 - (b) Galbraith.
 - (c) Dalton.
 - (d) Kaldor.
3. Which of the following is a fiscal measure :
 - (a) CRR.
 - (b) Interest rate.
 - (c) Reverse Repo rate.
 - (d) Investment subsidies.
4. Receipts from disinvestment of PSU's :
 - (a) Revenue receipts.
 - (b) Capital receipts.
 - (c) Public debt.
 - (d) Non-tax receipts.
5. A good or a service that is characterized by non-excludability and non-rivalry in consumption is :
 - (a) Merit good.
 - (b) Public good.
 - (c) Private good.
 - (d) Club good.

Turn over

6. Income tax is imposed and collected by :
- (a) State Government.
 - (b) Union Government.
 - (c) Jointly State and Union Government.
 - (d) Local Government.
7. Finance Commission has to make recommendations on financial matters to :
- (a) Finance Minister.
 - (b) Prime Minister.
 - (c) President.
 - (d) Vice-President.
8. Indirect taxes are generally :
- (a) Progressive.
 - (b) Regressive.
 - (c) Proportionate.
 - (d) Constant.
9. Principle of income tax is based on :
- (a) Natural Justice.
 - (b) Benefit.
 - (c) Propriety.
 - (d) Ability to pay.
10. Which of the following is NOT a recognized GST rate ?
- (a) 8 per cent.
 - (b) 12 per cent.
 - (c) 18 per cent.
 - (d) 28 per cent.
11. If a tax on all incomes is levied at the same rate, it is called :
- (a) Proportional tax.
 - (b) Progressive tax.
 - (c) Regressive tax.
 - (d) None of the above.
12. Find the odd one :
- (a) Income tax.
 - (b) Security Transaction tax.
 - (c) Corporate Income tax.
 - (d) Profession tax.

(12 × ½ = 6 marks)

Part B (Very Short Answer Type Questions)

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

13. What are the Canons of taxation ?
14. What is balanced budget ?
15. What do you mean by fiscal policy ?
16. What is fiscal federalism ?
17. Write a note laissez-faire economy.
18. What do you mean by black money ?
19. Write a note on local finance.
20. Explain the components of non-tax revenue.
21. What is Vertical imbalance ?
22. What is Goods and Service Tax (GST) ?
23. What is Cost-Benefit Analysis (CBA) ?
24. What are the types of public debt ?

(10 × 2 = 20 marks)

Part C (Short Essay Type Questions)

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

25. Analyze the causes and consequences of black money.
26. Distinguish between Public Finance and Private Finance.
27. What are the problems of growing fiscal deficit in India ?
28. Explain the ability to pay principle of taxation.
29. Explain Wagner's hypothesis on Public Expenditure with the help of diagram.
30. What are the economic effects of public expenditure ?
31. What are the objectives and measures of fiscal policy ?
32. What are the principles of public expenditure ?

(6 × 5 = 30 marks)

Turn over

Part D (Essay Type Questions)

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

33. Briefly explain the major trends in public expenditure in India.
34. State the importance of public debt in the economic development of India. Identify the reasons responsible for the growth of public debt in India.
35. Explain the major taxes of the Government of India ? Explain the impact, incidence and shifting of tax burden.
36. Explain the need for strengthening fiscal federalism in India.

(2 × 12 = 24 marks)