



Reg. No. : .....

Name : .....

**Second Semester M.A. Degree (Regular/Supplementary/Improvement)  
 Examination, March 2018  
 ECONOMICS/APPLIED ECONOMICS/DEVELOPMENT ECONOMICS  
 (2014 Admn. Onwards)  
 ECO 2C08 : Public Economics – I**

Time : 3 Hours

Max. Marks : 60

PART – A

Answer **all** questions (objective type).

1. Who among the following is associated with functional finance ?  
 a) Dalton                 b) Musgrave                 c) Seligman                 d) A. P. Lerner
2. If the price of a commodity does not rise on account of taxation, the incidence of tax is wholly on the  
 a) Seller     b) Producer  
 c) Buyer     d) Both seller and producer
3. A tax will be fully borne by the buyers if the demand elasticity is  
 a) 1     b) 0     c)  $\infty$      d)  $< 0$
4. 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
5. 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.



6. The Tax Administration Reforms Commission (TARC) was chaired by  
 a) Parthasarathi Shome                      b) Vijay Kelkar  
 c) Raja J. Chelliah                              d) P Chidambaram
7. The 'Law of Increasing State Activity' was enunciated by  
 a) J. M. Keynes                                  b) Adolph Wagner  
 c) Richard Musgrave                              d) Rostow
8. An increase in lump-sum taxes  
 a) Reduces consumer saving  
 b) Increases consumer spending  
 c) Increases the level of output  
 d) Increases the level of investment

(8×½=4)

## PART – B

Answer **any eight** questions.

9. What do you mean by backward shifting of a tax ?
10. Comment on non excludability of a good or service.
11. Define public expenditure.
12. What is meant by market failure ? What are the causes leading to market failure ?
13. What is project evaluation ?
14. Define pump priming.
15. What is meant by taxable capacity ?
16. Explain debt redemption.
17. Define mixed goods.
18. What is public debt management ?
19. What do you mean by externality ? Give suitable example.

(8×2=16)



## PART – C

Answer **any four** questions.

20. Describe the role of public expenditure in UDC.
21. Explain the theory of public choice.
22. Explain the methods for reducing public debt.
23. Differentiate between private goods, social goods and public goods.
24. Discuss the problem of growing fiscal deficit in India.
25. Differentiate between monetary and fiscal policy.

(4×5=20)

## PART – D

Answer **any two** questions.

26. Explain trends in public expenditure in India.
27. Critically evaluate India's fiscal policy since 1991.
28. Evaluate major reasons for increasing public debt in India.
29. What are the principles of taxation ? Explain the theory of optimal taxation.

(2×10=20)