



Reg. No. :

Name :



**II Semester M.A. Degree (Reg./Suppl./Imp.) Examination, April 2019
(2014 Admission Onwards)**

**Economics/App. Economics/Dev. Economics
Eco 2 C08 : PUBLIC ECONOMICS – I**

Time : 3 Hours

Max. Marks : 60

PART – A

Objective Type Questions. Write **all** the **eight** questions. **Each** question carries ½ marks.

1. A good or a service that is characterized by excludability and non-rivalry in consumption is

A) Pure public good	B) Public good
C) Private good	D) Club good
2. Interest payments to the foreign debt of India is

A) Debited in the current account	B) Credited in the current account
C) Debited in the capital account	D) Credited in the capital account
3. Which of the following is a non-debt capital receipt ?

A) Receipts of profits of PSUs	B) Non-tax receipts
C) Disinvestment receipts	D) Securities Transaction Tax (STT)
4. Which of the following is not a fiscal measure ?

A) Public expenditure	B) Interest rate
C) Tax subsidies	D) Investment subsidies
5. Income tax is based on the principle of

A) Benefit	B) Service
C) Ability to pay	D) Propriety
6. High rate of GST may lead to a/an

A) Incentive to consumers	B) Incentive to producers
C) Incentive to investors and producers	D) Disincentive to investors



7. The proposed expenditure and the anticipated revenue are equal in the case of
- A) Interim budget B) Supplementary budget
C) Balanced budget D) Emergency budget
8. 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 (8×½=4)

PART – B

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

9. What is market failure ?
10. What is free rider problem ?
11. Explain the role of public expenditure.
12. What is meant by redeemable debts ?
13. Explain the components of non-tax revenue.
14. Explain the characteristics of public goods.
15. Explain Wagner's hypothesis on public expenditure.
16. What is fiscal policy ? What are the measures of fiscal policy ?
17. Write a note on theory of optimal taxation.
18. Prepare a note on Goods and Service Tax (GST).
19. What are the principles of debt management ? (8×2=16)

PART – C

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

20. Identify the reasons responsible for the growth of public debt in India.
21. Distinguish between revenue and capital expenditure.



22. Explain the role of government in national economy.
23. Critically explain the sources of resource mobilization in India.
24. Explain the theory of public choice.
25. Differentiate between monetary and fiscal policy. (4×5=20)

PART – D

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

26. Evaluate major reasons for increasing public debt in India.
27. Discuss the fiscal crisis and change in India's fiscal policy since 1991.
28. Explain the goals of fiscal policy in developed economies.
29. Critically examine the important tax reforms after new economic policy of 1991. (2×10=20)