



K20P 0239

Reg. No. :

Name :

II Semester M.A. Degree (CBSS – Reg./Suppl./Imp.)
Examination, April 2020
(2014 Admission Onwards)
ECONOMICS/APPLIED ECONOMICS/DEVELOPMENT ECONOMICS
EC02C08 : Public Economics – I

Time : 3 Hours

Max. Marks : 60

PART – A

Answer **all** questions. **All** questions carry **equal** marks. Choose the correct answer.

1. Interest receipts for the loan given to foreign government will be

a) Credited in the Capital Account	b) Debited in the Capital Account
c) Credited in the Revenue Account	d) Debited in the Revenue Account

2. 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

3. Increased fiscal deficit may NOT lead to

a) Increase in domestic interest rate
b) Fall in domestic private investment
c) Increased public investment
d) Rise in total borrowing

4. The unwillingness of people to pay for the public goods in the belief that the goods would be provided anyway is

a) Universal inclusion	b) Horizontal summation
c) Externalities	d) Free-rider problem

5. Principle of income tax is based on

a) Natural Justice	b) Benefit
c) Propriety	d) Ability to pay



6. Receipts from sale of shares of Central Public Sector enterprises
 - a) Capital receipts
 - b) Non-debt capital receipts
 - c) Revenue receipts
 - d) Non tax receipts
7. Finance Commission is appointed by the President of India under Article
 - a) 275
 - b) 273
 - c) 280
 - d) 285
8. Individualism and laissez-faire were the bedrock of
 - a) Classical
 - b) Physiocrats
 - c) Mercantilists
 - d) Keynesians

(8×½=4)

PART – B

Answer **any eight** questions. **Each** answer should **not** exceed **half** page.

9. What do you mean by public expenditure ?
10. Write the difference between Public Finance and Private Finance.
11. What are the characteristics of public goods ?
12. What are the components of non-tax revenue ?
13. What do you mean by Progressive taxation ?
14. What is Goods and Service Tax (GST) ?
15. Explain the ability to pay principle of taxation.
16. What is Functional Finance ?
17. What is optimal taxation ?
18. What is Cost-Benefit Analysis (CBA) ?
19. What do you mean by externalities ?

(8×2=16)

PART – C

Answer **any four** questions. **Each** answer should **not** exceed **two** and a **half** pages.

20. Write a brief note on different types of public debt.
21. Explain Wagner's hypothesis on Public Expenditure with the help of diagram.



22. Write a note on traditional and modern view of the incidence of tax.
23. Distinguish between revenue expenditure and capital expenditure.
24. Distinguish between monetary policy and fiscal policy.
25. What do you mean by market failure ? What are the reasons for market failure ?

(4×5=20)

PART – D

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

26. State the importance of public debt in the economic development of India. Identify the reasons responsible for the growth of public debt in India.
27. What are the reasons for delaying to achieve the targets of FRBM Act ? Analyze the problem of growing fiscal deficit in India.
28. Critically evaluate Kelkar Committee Report for tax reforms in India.
29. Explain briefly the merits and demerits of GST system in India.

(2×10=20)