



Reg. No. : .....

Name : .....

**Third Semester M.A./M.Sc./M.Com. Degree (Reg./Sup./Imp.)**  
**Examination, November 2015**  
**ECONOMICS/APP.ECONOMICS/DEV. ECONOMICS (2014 Admn.)**  
**ECO 3C10 : Public Economics – II**

Time : 3 Hours

Total Marks : 60

## PART – A

Answer **all** questions.

1. Finance Commission has to make recommendations on financial matters to  
 a) Finance Minister b) Prime Minister c) President d) Vice-president
2. Lindhall's theory on voluntary exchange suggests solution for  
 a) Equity b) Distribution c) Allocation d) Stabilization
3. Who defined incidence of tax as changes in distribution of income ?  
 a) Dalton b) Musgrave c) Seligman d) E.H. Plank
4. According to Colin Clark, the maximum taxable capacity for most of the countries is  
 a) 10% of N.I b) 15% of N.I. c) 20% of N.I. d) 25% of NI
5. 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
6. Asok Mehta Committee (1978) is related to  
 a) Centre-state financial relations  
 b) Problem of central loans to states  
 c) Panchayati Raj institutions  
 d) Fiscal responsibility of centre and states



7. State and market are not surrogates, but are complementary in the case of
- |               |                  |
|---------------|------------------|
| a) Capitalism | b) Mixed economy |
| c) Socialism  | d) Communism     |
8. Zero base budgeting was adopted in India in
- |            |            |            |            |
|------------|------------|------------|------------|
| a) 1957-58 | b) 1967-68 | c) 1977-78 | d) 1987-88 |
|------------|------------|------------|------------|

(8×½=4)

## PART – B

Answer **any eight** questions. **Each** question should **not** exceed **one** page.

9. Laissez-faire economy.
10. Inter-governmental transfers.
11. Incidence of tax.
12. Public expenditure.
13. Black money.
14. Zero based budget.
15. Vertical and horizontal imbalance.
16. Gadgil-Mukherjee formula.
17. Local finance.
18. Performance budgeting.
19. Tax buoyance.

(8×2=16)

## PART – C

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

20. Explain the role of government in national economy.
21. Briefly explain the division of tax powers and objectives of taxation in India.



22. Describe the role of public expenditure in UDC.
23. Explain the theory of optimal distribution.
24. Explain the canons of budget.
25. Give a brief account on modified Gadgil formula. (4×5=20)

## PART – D

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

26. Explain the role of government in different economic systems namely capitalism, socialism and mixed economy.
27. Examine the changing dimensions of public finance.
28. Critically evaluate Chelliah Committee report.
29. Analyse the causes and consequences of black money. (2×10=20)