



K23P 0412

Reg. No. :

Name :

II Semester M.A. Degree (C.B.S.S. – Reg./Supple./Imp.)
Examination, April 2023
(2019 Admission Onwards)
ECONOMICS/APPLIED ECONOMICS/DEV. ECONOMICS
ECO 2C08 : Public Economics – I

Time : 3 Hours

Max. Marks : 60

SECTION – A

Answer **all** questions – Objective types.

(8×½=4)

1. Concentration and displacement effect in public expenditure are attributed to
 - a) A. R. Prest and I. M. D. Little
 - b) A. C. Pigou and J. K. Mehta
 - c) Allen T. Peacock and Jack Wiseman
 - d) Kenneth Arrow and Paul A. Samuelson
2. Impact of a tax refers to
 - a) Final money burden
 - b) Immediate money burden
 - c) Indirect real burden
 - d) None of the above
3. Of those listed below, pick the best example for pure public good
 - a) Book
 - b) Music event in an auditorium
 - c) Radio broadcast
 - d) Taxi service
4. If the public debt can be financed without adding to inflation or causing interest rates to rise, it is said to be
 - a) Following the golden rule of the public finance
 - b) Balanced
 - c) Unbalanced
 - d) Sustainable

P.T.O.

K23P 0412

-2-



5. According to the principle of sound finance
 - a) Government should spend the least and tax the little
 - b) Maximum Government spending
 - c) Minimum Government spending
 - d) The expenditure should be greater than revenue
6. _____ is a broad based and a single comprehensive tax levied on goods and services consumed in an economy.
 - a) GST
 - b) CENVAT
 - c) VAT
 - d) Income tax
7. GST is based on
 - a) Maximum social advantage principle
 - b) Cost-Benefit principle
 - c) Destination-based consumption
 - d) None of the above
8. If the demand for a commodity is perfectly elastic, the entire tax burden will be upon
 - a) Seller
 - b) Buyer
 - c) On both buyer and seller
 - d) None of these

SECTION – B

Answer **any eight** questions. **Each** carries 2 marks.

(8×2=16)

9. Distinguish between public good and pure public good.
10. Write very short note on Value Added Tax (VAT).
11. What is free rider problem ?
12. Distinguish between incidence and burden.
13. Distinguish between funded and unfunded debt.



-3-

K23P 0412

14. What is functional finance ?
15. What is principle of sound finance ?
16. What is debt trap ?
17. What is the difference between social goods and private goods ?
18. What is floating debt ?
19. What is pump priming ?

SECTION – C

Answer **any four** questions. **Each** carries 5 marks.

(4×5=20)

20. What is fiscal policy ? Discuss the objectives of fiscal policy.
21. Write a note on Wagner's law of increasing state activity.
22. Analyse the effect of public expenditure on production.
23. What are the advantages and disadvantages of issuing public debt for the Government ?
24. Discuss Arrow's impossibility theorem.
25. Distinguish basic characteristics of private goods from those of the public goods.

SECTION – D

Answer **any two** questions. **Each** carries 10 marks.

(2×10=20)

26. Explain the various methods adopted for redemption of public debt.
27. Discuss trends and growth of public expenditure in India.
28. Discuss the important determinants of shifting of tax burden.
29. Discuss the important tax reforms in India.