

D 140519

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Name.....

Reg. No.....

**SECOND SEMESTER M.A. DEGREE (REGULAR/SUPPLEMENTARY)
EXAMINATION, APRIL 2026**

(CBCSS)

Economics

ECO2C07—PUBLIC FINANCE : THEORY AND PRACTICE

(2019 Admission onwards)

Time : Three Hours

Maximum : 30 Weightage

Part A*Answer all questions.**Each bunch of five questions carries a weightage of 1.**Multiple Choice Questions.*

1. Cinema show is an example of _____.
 - (a) Public good.
 - (b) Merit good.
 - (c) Private good.
 - (d) Club good.
2. Which among the following is not an instrument of fiscal policy ?
 - (a) Open market operation.
 - (b) Taxation.
 - (c) Public expenditure.
 - (d) Public debt.
3. Excludability and rivalry are the characteristics of _____ goods.
 - (a) Private.
 - (b) Public.
 - (c) Merit.
 - (d) None of the above.
4. VAT was implemented in India in the year.
 - (a) 2002.
 - (b) 2003.
 - (c) 2004.
 - (d) 2005.

Turn over

5. The median voter theorem was put forward by :
- (a) Duncan Black. (b) James M. Buchanan.
(c) Arthur Laffer. (d) None of the above.
6. The 73rd and 74th amendments to the constitution are related to :
- (a) Local bodies. (b) Public debt.
(c) Public expenditure. (d) None of the above.
7. _____ is defined as Gross Fiscal Deficit less interest payments plus interest receipts.
- (a) Revenue deficit. (b) Primary deficit.
(c) Net fiscal deficit. (d) Budget deficit.
8. Frank P. Ramsey is associated with :
- (a) Public expenditure. (b) Optimal taxation.
(c) VAT. (d) GST.
9. Externalities are _____ when the social costs exceed private costs.
- (a) Positive. (b) Negative.
(c) Absent. (d) None of these.
10. _____ is a direct or indirect financial assistance given by the government to its citizens for activities in public interest.
- (a) Loans. (b) Subsidy.
(c) Salary. (d) None of these.
11. Who is the author of "An Economic Theory of Clubs" ?
- (a) A. C. Pigou. (b) James M. Buchanan.
(c) Richard Musgrave. (d) Arthur Laffer.

12. _____ is an integrated and comprehensive system of taxation covering both goods and services
- (a) VAT. (b) Mod VAT.
(c) GST. (d) Income tax.
13. The situation in which the government has to borrow afresh to service its existing debt is known as :
- (a) Debt trap. (b) Debt management.
(c) Debt redemption. (d) Debt burden.
14. Laffer curve depicts the responsiveness of the rate of a tax and its _____.
- (a) Revenue receipts. (b) Incidence.
(c) Burden. (d) None of these.
15. The first finance commission was constituted in the year :
- (a) 1950. (b) 1951.
(c) 1952. (d) 1953

(15 × 1/5 = 3 weightage)

Part B (Very Short Answer Questions)

*Answer any **five** questions.*

Each question carries a weightage of 1.

16. Write a note on gross fiscal deficit.
17. What is meant by capital levy ?
18. What is the importance of Pigovian tax ?
19. Distinguish between private good and public good.
20. What do you mean by public utilities ?
21. Distinguish between private and public finances.

Turn over

22. What is meant by impact of a tax ?
23. Distinguish between production and consumption externalities.

(5 × 1 = 5 weightage)

Part C (Short Answer Questions)

*Answer any **seven** questions.*

Each question carries a weightage of 2.

24. Write a brief note on the sources of revenue of the local bodies in India.
25. Give a brief account of Domar's views on public debt.
26. How can you classify public expenditure ?
27. Write a note on balanced budget multiplier.
28. What do you mean by the vertical and horizontal imbalances in intergovernmental transfers in India ?
29. Give an account of the classification of public debt.
30. What is meant by zero based budgeting ?
31. What are the instruments of monetary policy ?
32. Write a note on intergenerational equity.
33. What is meant by optimal taxation ?

(7 × 2 = 14 weightage)

Part D (Essay Questions)

*Answer any **two** questions.*

Each question carries a weightage of 4.

34. What are the different methods of resource transfer among different layers of governments in India ?
35. Discuss the meaning, nature and scope of Public Finance.
36. Discuss the ability to pay and benefit approach to the distribution of tax burden.
37. Critically examine the median voter theorem.

(2 × 4 = 8 weightage)