

**Avinashilingam Institute for Home Science and Higher Education for Women
Coimbatore – 641 043**

**Master's Degree Examination – November 2017
III-Semester**

Class : II PG
Major : Economics

Max. Marks: 60
Time: 3 hours

12MECC15 Public Economics

Part A (10x1/2= 5)
Choose the correct answer

1. A pure private good is subject to:
a) Non exclusion b) Exclusion c) Low satisfaction d) None of these
2. The main difference between Public and Private Finance is:
a) Balance of income-expenditure
b) Coerciveness of fiscal power to raise income:
c) Dissaving d) Borrowings
3. Wiseman-Peacock hypothesis supports in a much stronger manner the possibility of:
a) An upward trend in public expenditure
b) A downward trend in public expenditure
c) A constancy of public expenditure
d) A mixed trend in public expenditure
4. The India's income tax is:
a) Direct and proportional b) Indirect and proportional
c) Indirect and progressive d) Direct and progressive
5. Budget is an instrument of:
a) Monetary policy b) Fiscal policy
c) Trade policy d) Exchange rate policy
6. Fiscal policy is the policy of:
a) RBI b) NABARD
c) Government d) All the above
7. Which is the method of financial adjustment between Centre and States?
a) Tax sharing b) Grant-in-aid
c) Public debt d) Federal Finance
8. The name of the Chairman of the 14th Finance Commission is
a) K.C. Pant b) A.M. Kushro
c) R. J. Chelliah d) Y.V.Reddy
9. Reforms in the area of taxation was based on the recommendations of the
a) Wanchoo Committee b) Rajah Chelliah Committee
c) Raj Committee d) Narsimhan Committee
10. Demonetisation was introduced to tackle----
a. Black money b. white money c. hot money d. none of the above

Part B

(5 x 4 = 20)

Answer ALL questions

Answer should not exceed 200 words or one page

11. a) What are merit goods?
(or)
b) How to measure taxable capacity?
12. a) What are the various types of public revenue?
(or)
b) What are the canons of taxation?
13. a) What are the objectives of fiscal policy?
(or)
b) What are the different types of budgeting methods for the government?
14. a) Explain the principles of federal finance.
(or)
b) Write a note on local finance.
15. a) What is the impact of black money on the economy?
(or)
b) Explain about the tax reforms in India.

Part C

(5 x 7 = 35)

Answer ALL questions

Answer should not exceed 600 words or three pages

16. a) Illustrate the principle of maximum social advantage.
(or)
b) Examine the nature and scope of public finance.
17. a) Explain Wagner's views on public expenditure.
(or)
b) Examine the principles of public debt management.
18. a) Examine the objectives of budgetary policy.
(or)
b) Explain in detail the budgetary procedure.
19. a) Examine the reasons for frictions in the working of centre-state financial relations.
(or)
b) Evaluate the recommendation of 14th Finance Commission.
20. a) Examine the major recommendations of Chelliah Commission on tax reforms.
(or)
b) Explain in brief the recommendations of Rangarajan Commission.
