

M.A. (PREVIOUS) EXAMINATION 2017 HELD IN 2018

ECONOMICS (PAPER II)

PUBLIC FINANCE

Time: 3 hours

Max Marks: 100

Instructions:

- (i) Attempt any FIVE questions
- (ii) All questions carry equal marks

- Q1 What is meant by market failure? Explain in detail the reasons.
- Q2 What is the role of government in the basic economic decision making? Explain the optimum levels of government activities.
- Q3 The government can finance its budgets deficit by printing money, issuing new bonds, internal and external borrowing or imposing new taxes. How do these different financing strategies affect aggregate output, employment, the price level and interest rates?
- Q4 Discuss the superiority of the direct taxes over the indirect taxes in the contest of efficiency losses. Indirect taxes create welfare loss, how does this loss distribute between consumers and producers?
- Q5 Define excess burden. Explain how excess burden may be associated with government expenditure policy like subsidy?
- Q6 What are the main principles of taxation? What is the difference between tax avoidance and tax evasion? Give the examples of each.
- Q7 Write short note on any TWO of the following
 - (i) Fiscal budget 2018 – 19
 - (ii) Tax compliance
 - (iii) Tax incidence