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**PRESIDENCY UNIVERSITY**

**Bengaluru**

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| **End - Term Examinations – JANUARY 2025** |
| **Date:** 06 / 01/ 2025 **Time:** 09:30 am – 12:30 pm |

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| **School:** SOC | **Program:** B.Sc (Economics) | |
| **Course Code :** BSE2024 | **Course Name :** PUBLIC FINANCE | |
| **Semester**: V | **Max Marks**: 100 | **Weightage**: 50% |

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| **CO - Levels** | **CO1** | **CO2** | **CO3** | **CO4** | **CO5** |
| **Marks** | **9** | **24** | **30** | **11** | **26** |

**Instructions:**

1. *Read all questions carefully and answer accordingly.*
2. *Do not write anything on the question paper other than roll number.*

**Part A**

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| **Answer ALL the Questions. Each question carries 2 marks. (10Q x 2 Marks = 20 Marks)** | **Bloom's Level** | **CO** |

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| **1** | Define public expenditure. | **2 Marks** | **Remember** | **CO1** |
| **2** | List out two sources of non-tax revenue. | **2 Marks** | **Remember** | **CO3** |
| **3** | Name any two principles of fiscal federalism. | **2 Marks** | **Remember** | **CO3** |
| **4** | Find two points of difference between fiscal centralization and decentralization. | **2 Marks** | **Remember** | **CO4** |
| **5** | How is taxation structure implemented in India? | **2 Marks** | **Remember** | **CO5** |
| **6** | Explain the significance of public finance. | **2 Marks** | **Understand** | **CO2** |
| **7** | Illustrate the application of tax incidence in India. | **2 Marks** | **Understand** | **CO3** |
| **8** | Explain the principle of benefit and ability to pay. | **2 Marks** | **Understand** | **CO5** |
| **9** | Classify the different sources of public revenue. | **2 Marks** | **Understand** | **CO3** |
| **10** | Explain the significance of a fiscal discipline in public expenditure. | **2 Marks** | **Understand** | **CO4** |

**Part B**

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| **Answer ALL the Questions. Each question carries 7 marks. (5 Marks x 7 Marks = 35 Marks)** | | | **Bloom's Level** | **CO** |
| **11** | Public finance is mostly welfare oriented. Highlight the major grounds of distinction between public finance and private finance in India. | **7 Marks** | **Remember** | **CO1** |
|  | **Or** | | | |
| **12** | Richard Musgrave designates Dalton's Principle of 'Maximum Social Advantage' as the 'Maximum Welfare Principle of Budget Determination’. Explain. | **7 Marks** | **Understand** | **CO1** |

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| **13** | Elucidate the major reasons for the growth of public expenditures in the recent past. | **7 Marks** | **Understand** | **CO2** |
|  | **Or** | | | |
| **14** | Public expenditure is a very helpful policy tool in accelerating rate of economic growth, but it is an imperfect one. Elaborate the positive role of public expenditure and the deficiencies from which it suffers. | **7 Marks** | **Apply** | **CO2** |

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| **15** | The rich-people can be made to contribute more to a common expenditure than the poor people. In this context discuss the various factors affecting taxable capacity. | **7 Marks** | **Understand** | **CO3** |
|  | **Or** | | | |
| **16** | Discuss the concept of taxable capacity and examine the different senses in which taxable capacity can be interpreted. | **7 Marks** | **Apply** | **CO3** |

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| **17** | A balanced budget cannot tackle inflation or deflation. Do you agree? Highlight your answer with the merits and demerits of balanced budget. | **7 Marks** | **Remember** | **CO4** |
|  | **Or** | | | |
| **18** | Explain the different types of unbalanced budget illustration why it is considered as a stability tool to control business and economic functions. | **7 Marks** | **Apply** | **CO4** |

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| **19** | Discuss the broad principles associated with fiscal federalism that provide a strong rationale for decentralised fiscal constitutions on the grounds of efficiency, accountability, manageability and autonomy. | **7 Marks** | **Understand** | **CO5** |
|  | **Or** | | | |
| **20** | Different levels of government place unique demand on resources to execute their functions and obligations. This envisages a balanced utilisation of instruments for tax, debt and inter-governmental transfers (IGTs). Elucidate this statement. | **7 Marks** | **Apply** | **CO5** |

**Part C**

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| **Answer Any THREE Questions. Each question carries 15 marks. (3Q x 15 Marks = 45 Marks)** | **Bloom's Level** | **CO** |

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| **21** | Taxes in India are levied by the Central Government and the State Governments by virtue of powers conferred to them from the Constitution of India. Give a detailed overview of the Indian taxation system. | **15 Marks** | **Apply** | **CO3** |
| **22** | Critically examine Wagner’s Law of increasing state activities. | **15 Marks** | **Apply** | **CO2** |
| **23** | Just as the marginal utility from a commodity to a consumer decline as more and more units of the commodity are made available to him, the social benefit from each additional unit of public expenditure declines as more and more units of public expenditure are spent. Explain Marginal Social Benefit in this context. | **15 Marks** | **Apply** | **CO2** |
| **24** | Depending on the feasibility of estimated Govt. expenditure and expected Govt. receipts for the forthcoming fiscal year the government prepares the budget. Bring out the merits, demerits and major differences between the different types of budget citing some examples from economies around the world. | **15 Marks** | **Apply** | **CO5** |