**ST. JOSEPH’S COLLEGE (AUTONOMOUS), BENGALURU -27**

Registration Number:

Date & Session:2-12-2022(1PM)

**M.COM – III SEMESTER**

**SEMESTER EXAMINATION: OCTOBER 2022**

**(Examination conducted in December 2022)**

**MCO9120: PUBLIC FINANCE**

**Time: 2 ½ Hours Max Marks: 70**

**This paper contains two printed pages and four parts**

**PART A**

**Answer any TEN of the following. Each question carries two marks. (10x2=20)**

1. What is fiscal federalism?
2. Differentiate between public and merit goods?
3. Give any two importance of public expenditure.
4. Name the canons of Public Expenditure.
5. Taxes are not based on “quid pro quo principle.” Simplify
6. How is indirect tax regressive?

7. Give two problems of tax evasion.

1. What is the purpose of an appropriation bill?
2. When and by whom is budget presented in India?
3. Give the position of total debt and external debt in India as percentage of GDP.
4. Give two sources of local finance.
5. Differentiate between public and private debt.

**PART B**

**Answer any THREE of the following. Each question carries five marks. (3x5=15)**

1. Briefly explain the principal of maximum Social Advantage.
2. Give the classification of public expenditure according to Economist Hugh Dalton.
3. What is Tax Buoyancy? How is it different from Tax elasticity?
4. State the functions of municipal corporations as an integral part of urban local government.
5. Draw up a typical budget of the Central Government in India with major headings of receipts and expenditures. (Figures need not be specified)

**PART C**

**Answer any TWO of the following. Each question carries ten marks. (2x10=20)**

1. ‘Non-tax revenue or non-tax receipts are government revenue not generated from taxes. Give a detailed note on the various sources of non-tax revenue of the centre.
2. In India, the Union Budget is prepared by the Department of Economic Affairs of Ministry of Finance. Explain the various stages through which a Budget has to pass in India.
3. “Public debt is a financial obligation of government which deals with borrowing and repayment activities.” Examine the various methods of redemption of public debt.

**PART D**

**Answer the following compulsory question. The question carries fifteen marks.**

 **(1x15=15)**

1. Wagner’s Law is the first model of public expenditure in the history of public finance. It suggests that during the process of economic development the share of public spending in national income tends to expand (Wagner, 1883). Nevertheless, Peacock and Wiseman (1961) presented the displacement effect, according to which during times of war tax rates are increased to generate more revenues, sustaining the increase in defense spending. With this background Elaborate Peacock and Wiseman Hypothesis.

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