

Register Number:

Date:

**ST JOSEPH’S UNIVERSITY, BENGALURU -27**

**M.COM – III SEMESTER**

**SEMESTER EXAMINATION: OCTOBER 2023**

**(Examination conducted in November /December 2023)**

**MCO9120-PUBLIC FINANCE**

**(For current batch students only)**

**Time: 2 Hours Max Marks: 50**

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

**PART-A**

1. **Answer any TWO of the following: (2 x 5 = 10)**
   1. Write a short note on the 15th finance commission and its recommendations
   2. Briefly explain the process of budget formulation in India.
   3. Elucidate the Wagner’s Law of increasing state activities.

**PART-B**

1. **Answer any TWO of the following: (2 x 15 = 30)**
2. Define direct taxes and provide examples. How do direct taxes differ from indirect taxes in terms of their impact on individuals and businesses?
3. Describe the concept of a "deficit budget." What are the reasons that governments or organizations might run deficit budgets, and what are the potential consequences of consistent deficit spending?
4. Briefly explain the various methods of repayment of public debt.

**PART-C**

1. **Compulsory question (1 x 10 = 10)**
2. You are a financial analyst, tasked with evaluating the Union Budget for the fiscal year 2022-23 presented by the Indian government. The budget comprises three main components: Revenue Receipts, Capital Receipts, and Expenditure. In this context, analyze the following scenarios

**Scenario 1:** The government has projected a significant increase in tax revenue for the upcoming fiscal year, driven by reforms in tax collection and compliance. Non-tax revenue and grants-in-aid remain stable compared to the previous year. The budget aims to allocate a substantial portion of revenue towards healthcare and education, with an emphasis on improving public infrastructure.

1. As a financial analyst, what key factors would you consider when assessing the feasibility of the government's projections for tax revenue growth? How can increased tax revenue impact the fiscal deficit?
2. Analyze the implications of allocating a significant portion of revenue towards healthcare and education in terms of social welfare and economic development.

**Scenario 2:** The government plans to fund a major infrastructure project by issuing bonds and securing foreign loans. Simultaneously, it aims to generate capital through the disinvestment of state-owned enterprises. These strategies are intended to boost economic growth and job creation.

1. Identify the long-term implications for the government's debt management.
2. Discuss the significance of disinvestment in state-owned enterprises as a means of raising capital. What are the factors that the government should consider when deciding which enterprises to disinvest in?

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