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Register Number:

DATE:

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

**M.A. ECONOMICS- II SEMESTER**

**SEMESTER EXAMINATION: APRIL 2020**

**EC 8218: PUBLIC ECONOMICS AND FINANCE**

**Time: 2.5 Hours Maximum Marks-70**

**This question paper has 1 printed page and 3 parts**

**Part A. Answer any five of the following: 2 X 5=10**

1. Discuss the characteristics of externalities.
2. What are club goods?
3. Briefly explain any two canons of public expenditure.
4. Distinguish between direct and indirect tax.
5. What is zero based budgeting?
6. Distinguish between vertical and horizontal fiscal imbalance.
7. What is fiscal federalism?

**Part B. Answer any three of the following: 10 X 3 =30**

1. Explain Musgrave’s classification of functions of the state.
2. Discuss the Tiebout model. What are the MAJOR assumptions of this model?
3. Examine the effects of public expenditure on the economy.
4. Write a note on recent tax reforms in India.
5. Examine the role of finance commission in Indian federal finance. Discuss the major recommendations of Fourteenth Finance Commission.

**Part C. Answer any two of the following: 15 X 2 =30**

1. What are public goods? How do they cause market failure? Explain Lindhal process of public good provision.
2. Explain the benefit approach and ability to pay theories of taxation.
3. Discuss the role of fiscal policy in a developing country.