

Name:

Enrolment No:



**UNIVERSITY OF PETROLEUM AND ENERGY STUDIES**

**End Semester Examination, December 2018**

**Course: Public Economics**

**CC BAPP2001**

**Semester: III**

**Programme: B.A. PPA**

**Time: 03 hrs.**

**Max. Marks: 100**

**Instructions: Section-A and D is compulsory**

**Section-B (Four questions to be attempted) and Section-C (Two questions to be attempted)**

**SECTION A**

S. No.		Marks	CO
Q 1	Taxes are payments for a) Free goods b) Non-private goods and services c) Private infrastructure d) Political parties	2	1
Q 2	Progressive tax is one where the tax incidence a) Grows at the same rate as that of the tax base b) Grows at higher rate than that of the tax base c) Grows at lower rate than that of the tax base d) Remains independent of that of the tax base	2	2
Q 3	Which of the following is a sumptuary tax a) Wealth tax b) Capital gains tax c) Pollution tax d) Road tax	2	1
Q 4	A tax in general is based on a) Benefit principle b) Quid pro quo principle c) Ability to pay principle d) None of the above	2	1
Q 5	Tax Dead-weight loss is the same as a) Welfare cost to the society b) Compliance cost of the tax payer c) Administrative cost d) Political cost involved	2	3

Q 6	The productivity of a tax is not measured by a) Tax to GDP ratio b) Tax Buoyancy c) Tax elasticity d) Marginal tax rate	2	1
Q 7	Income tax is progressive when a) Marginal tax rate > average tax rate b) Marginal tax rate = average tax rate c) Marginal tax rate < average tax rate d) Marginal tax rate is constant	2	3
Q 8	Income tax progressivity does not depend on a) Source of income b) Choice of taxable unit c) Tax allowances and concessions d) Size of income	2	3
Q 9	The concept of income is not a) Market value of consumption during the period b) Net increase in the assets owned during the period c) Sum of the consumption and increase in the net wealth during the period d) Salary obtained during the period	2	1
Q 10	A Tax Haven is characterized by a) Tax information is not shared with foreign tax authorities b) Transparency in the operation of legislative, legal, or administrative provisions c) Requirement for a substantive local presence d) Self-promotion as a financial center	2	1
<b>SECTION B</b>			
Q 11	What do you mean by tax impact and incidence	5	2 & 3
Q 12	Explain different types of deficit used in Budget.	5	1
Q 13	Why Tax elasticity is more desirable than TAX buoyancy ?	5	2 & 3
Q 14	Explain different canons of expenditure	5	1
Q 15	Explain the difference between a unit tax and an ad valorem tax.	5	3
<b>SECTION-C</b>			
Q 16	What are the major problems with commodity tax system in India?	15	5
Q 17	Explain the important methods of computing the VAT liability.	15	3 & 4
Q 18	What are the benefits of adopting GST in India?	15	5

**SECTION-D**

Q 19	<p>Consider the following market demand function: <math>Q(p) = D(p) = 108 - p^3</math></p> <ol style="list-style-type: none"> <li>i. Find an expression for the price elasticity of demand.</li> <li>ii. At what price level <math>p</math> is market demand Unit Elastic?</li> <li>iii. If <math>p = 2</math>, What is the price elasticity of demand. Is it elastic, unit elastic or inelastic?</li> <li>iv. Solve for the No Tax equilibrium price and quantity If the government imposes an AD VALOREM TAX (<math>t</math>) of 100%</li> </ol>	<b>5</b>	<b>3, 4, &amp; 5</b>
	<p>If the government imposes an AD VALOREM TAX (<math>t</math>) of 100%</p> <ol style="list-style-type: none"> <li>v. What is the new equilibrium quantity?</li> <li>vi. What is the effective price faced by suppliers?</li> <li>vii. What is the price faced by consumers?</li> <li>viii. What is the size of the tax?</li> <li>ix. How much tax revenue is raised?</li> <li>x. What is the Change in consumers surplus?</li> <li>xi. What is the change in producers surplus?</li> <li>xii. What is the Deadweight loss (DWL) from each tax?</li> <li>xiii. Who bears the greater burden of tax revenue, Consumers or Producers. What is the value of each?</li> <li>xiv. Graph the equilibrium with taxation and without taxation labelling the intercepts and relevant price and quantities. LABEL or IDENTIFY all of the areas under the demand curve and above the supply curve according to following criteria A = CS after tax, B = Government revenue, C = DWL, D = PS after tax.</li> </ol>	<b>25</b>	<b>3, 4, &amp; 5</b>