



<b>Name:</b>	
<b>Enrolment No:</b>	

**UPES**

**End Semester Examination, December 2023**

**Course: Public Economics- II**

**Program: B.A. Economics (Hons).**

**Course Code: ECON3014.**

**Semester: V**

**Time: 03 hrs.**

**Max. Marks: 100**

**Instructions:**

**SECTION A**  
**10Qx2M=20Marks**

S. No.	Choose the correct option (Q1 to Q10)	Marks	CO
Q 1	Which one is not a tax efficiency issue? (a) Comparison cost. (b) Compliance cost. (c) Administrative cost. (d) Political cost.	2	CO1
Q2	Shifting of tax incidence is possible in the case of- (a) Wealth tax (b) Tax on property (c) Value added tax. (d) Personal tax	2	CO1
Q3	In the fiscal year 2019-2020, the government collected \$60 million in taxes. In the following fiscal year 2020-2021, the government collected \$66 million in taxes. During the same period, the Gross Domestic Product (GDP) increased from \$500 million to \$525 million. Calculate the tax buoyancy for this period. (a) 0.2 (b) 0.4 (c) 0.6 (d) 0.8	2	CO1
Q4	Which of the following taxes are subsumed under the Goods and Services Tax (GST) regime in India? (a) Service Tax (b) Value Added Tax (VAT) (c) Income Tax (d) Both a & b.	2	CO1
Q5	The tax incidence on a good will be greater on the side of the firm that: (a) Is more elastic. (b) Is more inelastic.	2	CO1

	(c) Has a larger number of buyers. (d) Has a larger number of sellers.		
Q6	A local government will choose project A compared to B, if. (a) IRR of A equals to B. (b) IRR of B greater than A. (c) IRR of A less than B. (d) None of these.	2	CO1
Q7	What does "vertical imbalance" in public expenditure refer to? (a) When government spending is evenly distributed among different sectors. (b) When government spending is disproportionate between different levels of government (e.g., central and state governments). (c) When government spending exceeds government revenue. (d) When government spending is allocated based on income levels.	2	CO1
Q8	Which fiscal indicator provides a measure of a government's overall budgetary position and is often used to assess its fiscal health? (a) Public debt (b) Trade balance (c) Consumer Price Index (CPI) (d) Gross Domestic Product (GDP)	2	CO1
Q9	What is the primary objective of contractionary monetary policy? (a) To stimulate economic growth and employment. (b) To reduce inflation and control rising prices. (c) To increase the money supply and lower interest rates. (d) To promote exports and improve the trade balance.	2	CO1
Q10	Which of the following trade policies is designed to protect domestic industries by imposing a tax on imported goods, making them more expensive for consumers in the importing country? (a) Import quota. (b) Export promotion. (c) Free trade agreement (d) Tariff	2	CO1
<b>SECTION B</b> <b>4Qx5M= 20 Marks</b>			
Q 11	Briefly write about fiscal deficit, revenue deficit, and primary deficit.	5	CO2
Q12	Write about taxes on commodities and services in India.	5	CO2
Q13	What is Kaldor-Hicks's criteria of social welfare?	5	CO2
Q14	What is displacement effect?	5	CO2
<b>SECTION-C</b> <b>3Qx10M=30 Marks</b>			
Q 15	Explain Pigou's concept of social welfare. Also discuss the Pigouvian tax.	5+5= 10	CO3

Q16	How does the public expenditure help to improve economic growth in three sector economy? Evaluate.	10	CO3
Q17	Suppose the tax buoyancy of India has been increased from 1.5% to 2.5 % over a period, then how it would impact the Indian Economy?	10	CO3
<b>SECTION-D</b> <b>2Qx15M= 30 Marks</b>			
Q18	<p><b>A.</b> Discuss the methods of public expenditure evaluation.</p> <p><b>B.</b> Suppose the monetary value of a public expenditure project for 4 years are: Rs. 5000, Rs. 7000, Rs. 10000, and Rs. 15000., and the discount rate is 5%. Then calculate the present value of project expenditure.</p>	5+10=15	CO4
Q19	Critically examine the concept of Pareto efficiency in the context of resource allocation and its significance in economic theory. Provide an example to illustrate how a situation can be both Pareto efficient and inefficient, and discuss the key conditions required for a Pareto improvement.	15	CO4