LOYOLA COLLEGE (AUTONOMOUS) CHENNAI – 600 034

M.A. DEGREE EXAMINATION – **ECONOMICS**

THIRD SEMESTER – **APRIL 2025**

PEC3MC02 – PUBLIC FINANCE - I

Date: 26-04-2025 Dept. No. Max. : 100 Marks

Time: 09:00 AM - 12:00 PM

	SECTION A – K1 (CO1)
	Answer ALL the questions **(5 x 1 = 5)**
1	**Answer the following**
a)	The Finance Bill is introduced in the __________ immediately after the General Budget is presented by the Finance Minister. a) Finance Commission b) Planning Commission c) Lok Sabha d) Rajya Sabha
b)	Subsidies are financial incentives given by governments to promote activities with negative externalities. State True or False.
c)	The Leviathan hypothesis suggests that governments behave like______________. a) Perfect Competition b) Monopoly c) Monopolistic Competition d) Oligopoly
d)	The Thirteenth Finance Commission recommendation for the period _________. a) 2005-2010 b) 2010-2015 c) 2015-2020 d) 2020 – 2025
e)	The Insurer agrees to provide _________ protection against specific risks in exchange for regular Premium Payments. a) Health b) Life c) Financial d) Property
	SECTION A – K2 (CO1)
	Answer ALL the questions **(5 x 1 = 5)**
2	**Choose the correct answer**
a)	The Fiscal Responsibility and Budget Management Act was enacted in __________. a) 2001 b) 2002 c) 2003 d) 2004
b)	Net Present Value = ___________. a) $R_t/(1+i)^t$ – Initial Investment b) $(1+i)^t / R_t$ – Initial Investment c) Initial Investment/$(1+i)^t$ - R_t d) R_t - Initial Investment- $(1+i)^t$
c)	The Lindahl pricing model centers on the _________ Principle. a) Ability b) Benefit c) Cost d) Willingness
d)	Which Finance Commission recommended compensating states for revenue losses arising from the implementation of GST? a) 12th Finance Commission b) 13th Finance Commission c) 14th Finance Commission d) 15th Finance Commission
e)	Which one is the example for Social Insurance? a) Employees State Insurance b) Vehicle Insurance c) Home Insurance d) Property
	SECTION B – K3 (CO2)
	Answer any THREE of the following in 100 words each. **(3 x 10 = 30)**
3	Estimate Revenue Deficit, Fiscal Deficit and Primary Deficit from the following data (Rs. In Crores) (i) Revenue Expenditure – 22,250, (ii) Capital Expenditure -28,000, (iii) Revenue Receipts – 17,750, (iv) Capital Receipts – 20,000, (v) Interest Payments -5000.
4	Can Private Providers overcome the Free Rider Problem- commend
5	Explain the Cost- effective analysis applicable to public projects.
6	Discuss the major aspects of the Tiebout Model.
7	Explain the importance of Pradhan Mantri Vaya Vandana Yojana.

SECTION C – K4 (CO3)	
	Answer any TWO of the following in 200 words each. (2 x 12.5 = 25)
8	Explain the stages of discussion on the Union Budget.
9	Evaluate the concept of negative externalities and subsequent solutions given by the private sector.
10	Elaborate the mechanics of discounting future benefits.
11	Classify the important recommendation of the 15th Finance Commission.
SECTION D – K5 (CO4)	
	Answer any ONE of the following in 500 words (1 x 15 = 15)
12	Elaborate the Important Budgetary terms used in the Parliament.
13	Elucidate the optimal provision of Public goods.
SECTION E – K6 (CO5)	
	Answer any ONE of the following in 1000 words (1 x 20 = 20)
14	Examine in detail the major recommendations of the 14^{th} Finance Commission in India.
15	Analyze the role of Government intervention in the Insurance market.
