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(Pages : 2)

Reg. No:................................

Name: ....

FAROOK COLLEGE (AUTONOMOUS), KOZHIKODE

Second Semester MA Degree Examination, March/April 2020

MEC2C07 – Public Finance Theory and Practice

(2019 Admission onwards)

Time: 3 hours

Max. Weightage : 30

Part A – (Multiple Choice Questions)
Answer all Questions
Each questionscarries1/5 weightage

1. Common resources are:

   a) Non- rival and excludable   b) rival and non-excludable

   c) Non- rival and non-excludable   d) rival and excludable

2. Government intervention is needed in the creation of social overheads because of it's:

   a) Spill over effects   b) Demonstration effects   c) Veblen effects   d) None of the above

3. Laffer curve relates to the theory of:

   a) Public Debt   b) Public Expenditure   c) Taxation   d) Trade

4. GST was launched in India on

   a) 1st July 2017   b) 1st July 2014   c) 1st January 2015   d) 1st July 2015

5. The Chairman of the 15th Finance Commission is?

   a) YV Reddy   b) Vijay Kelkar   c) N.K Singh   d) C Rangarajan

6. Increasing trend of public expenditure has been analysed by :

   a) H. Dalton   b) Colin Clark   c) A. Wagner   d) E. Lindahl

7. The theory of local public good is related to:

   a) A.Marshall   b) C. Tiebout   c) R. Coase   d) R.A. Musgrave

8. Which of the following is not a method of debt redemption?

   a) Sinking fund   b) Repudiation   c) Refunding   d) Grant-in-aid

9. If the rate of tax decreases with increasing in income, it is said to be;

   a) Proportional taxation   b)Progressive taxation

   c) Digressive taxation   d) Regressive taxation

10. Which country's model of GST is adopted in India?

    a) USA   b) France   c) UK   d) Canada

11. Who has recommended wealth tax for India?

    a) Mahalanobis   b) Kaldor   c) Dalton   d) K..N Raj

12. The difference between total expenditure and total receipts is:

    a) Fiscal deficit   b) Budget deficit   c) Revenue deficit   d) Primary deficit

13. Which of the following is not a commodity Tax?

   a) Excise duty   b) Corporation Tax   c) Customs Duty   d) Octroi

14. Contra-cyclical fiscal policy was popularised by:

   a) J.M Keynes   b) Adam Smith   c) H. Dalton   d) J.B. Say

15. Short-period debts are called as:

   a) Funded debts   b) Unfunded debts   c) Redeemable debt   d) None

(15 x1/5 = 3 Weightage)

Part B- Short Answer Type Questions
Answer any fivequestions
Each question carries a weightage of 1

16. Market Failure

17. Externalities

18. Club goods

19. Property Rights

20. Functional Finance

21. Define Tax

22. Taxable Capacity

23. Tax Buoyancy   (5x1 = 5 weightage)

Part C-Short essay type questions
Answer any sevenquestions
Each question carries a weightage of 2

24. Briefly explain major functions of Government in an economy

25. Show that positive externalities can leads to market failure

26. Explain the features of zero base budgeting

27. Analyse the major principles of taxation

28. Explain the stages involved in the process of central government's budget in India

29. Briefly explain the theory of optimal taxation

30. Analyse the problems in central state financial relations in India

31. Explain the major principles of fiscal federalism

32. Analyse the trends in major deficit indicators of India during post reform period

33. Explain Domar's stability conditions   (7x2 = 14 weightage)

Part D- Essay type questions
Answer anytwo questions
Each question carries a weightage of 4

34. Elucidate the role of government in an economy

35. Critically examine the ability to pay principles of taxation

36. Describe the nature of co-operative federalism in India with special reference to GST

37. Explain the Musgrave's theory of tax incidence   (2x4 = 8 weightage)

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Part A

Answer all questions

Each bunch of four questions carries a weightage of 1

1. The Overlapping Generations Model was introduced by

   (a) Milton Friedman   (b) Samuelson   (c) Fred R Glahe   (d) Arthur Okun

2. The sum of currency and bank reserves called

   (a) High Powered money   (b) Monetary base   (c) a or b   (d) None of these

3. Monetarism holds the view that

   (a) Only money matters (b) money does matter(c) money does not matter (d) none of the above

4. An approach that assumes people frame their expectation of a variable bases on recently observed values

   (a) Rational Expectation   (b) Adaptive Expectation

   (c) Forward looking Expectation   (d) None

5. The natural rate of unemployment is determined by

   (a) Frictional and cyclical unemployment   (b) frictional and structural unemployment

   (c) Structural and technical unemployment   (d) structural and involuntary unemployment

6. Inflation targeting was first used in:

   (a) USA   (b) India   (c) New Zealand   (d) Zimbabwe

7. The one for one influence of expected inflation on the nominal interest rate is called:

   (a)Pigou Effect   (b)Keynes Effect   (c)Fisher Effect   (d) Real balance effect

8. Shoe-leather cost is associated with

   (a) unemployment   (b) inflation   (c) production (d) None of these

9. Policy ineffectiveness is one of the theoretical preposition of

   (a) New classical   (b) New Keynesians   (c) Neoclassical   (d) Classicals

10. The term NAIRU was put forward by

    (a) A W Philips   (b) Paul Samuelson   (c) Milton Friedman   (d) JR Hicks

11. The percentage reduction in real GDP to reduce inflation by one percentage point

    (a)Okun's law   (b) Nominal GDP   (c) Sacrifice ratio   (d) None of the above

12. Long Run Phillips Curve is

    (a) horizontal   (b) Vertical   (c) Unpredictable   (d)None of these

    (12 x ¼ = 3 weightage)

Part B (Very Short Answer Questions)
Answer any five questions
Each question carries a weightage of 1

13. Classical dichotomy

14. High Powered Money

15. Okun's law

16. Quantity Theory of Money

17. Tylor Rule

18. Inflation Targeting

19. NAIRU

20. Continues market clearing.

(5 x 1 = 5 weigh

Part C(Short Answer Questions)
Answer any Seven questions
Each question carries a weightage of 2

21. Is Say's law is consistent with Quantity Theory of Money?

22. Briefly Discuss the Arrow-Debreu Model

23. Explain main limitations of Adaptive Expectation hypotheses

24. What is Money multiplier? What are its determinants?

25. Discuss the Buffer Stock Notion of Laidler.

26. Discretionary Monetary Policy leads to Time Inconsistency problem. Discuss

27. What are the features of Walrasian macroeconomics?

28. Analyse the Behavioural Model of Money Supply.

29. Explain Lucas surplus supply function.

30. Critically examine the importance of Monetary Policy in stabilizing the economy.

(7 x 2 = 14 weight

Part D (Essay Questions)
Answer any two questions
Each question carries a weightage of 4

31. Critically examine the Portfolio approach to demand for money.

32. Explain the basic principles of New classical economics.

33. What is Inflation Targeting? Discuss the important issues related with inflation targeting
the experience of countries used it as a policy.

34. Critically evaluate the Trade-off and Non trade-off pertaining to inflation and unemploym

(2x 4 = 8weigh

FAROOK COLLEGE (AUTONOMOUS), KOZHIKODE

Second Semester MA Degree Examination, March/April 2020

MEC2C05 – Micro Economics: Theory and Application – II

(2019 Admission onwards)

Time: 3 hours　　　　　　　　　　　　　　　　　　　　Max. Weightage : 30

PART A
Answer all questions
Each question carries 1/4 weightage.

1.　Pareto concept of social welfare is based upon;

　　a) Welfare economics　　　　　　b) Classical economics

　　c) Neo Classical　　　　　　　　d) Supply side economics.

2.　The concept of market signalling was introduced by;

　　a) Marshall　　　　　　　　　　b) Akerlof

　　c) Michael Spence　　　　　　　d) None of these.

3.　Which of the following is the cause of market failure?

　　a) Externalities　　　　　　　　b) Monopoly

　　c) Public good　　　　　　　　　d) All the above.

4.　Adverse selection in competitive insurance market harms;

　　a) High risk individuals　　　　　b) Low risk individuals

　　c) Every one　　　　　　　　　　d)None of the above.

5.　A movement away from contract curve:

　　a) Harm both the parties　　　　　b) Benefit for both the parties

　　b) Harm one party　　　　　　　　d) Any of the above.

6.　In the case of positive externality, the social marginal cost will;

　　a) Exceed private marginal cost.　　b) Be equal to private marginal cost.

　　c) Fall short of private marginal cost　d) None of the above.

7.　Which of the following is required to rule out the possibility of contradictory results in Kaldor-Hicks criterion?

　　a)Scitovsky single criterion　　　　b) Bergson criteria

　　c) Scitovsky double criterion　　　　d) Samuelson criterion

8.　In contrast to private goods public goods are;

　　a) Cheap　　　　　　　　　　　　b) Divisible

　　c) Highly valued　　　　　　　　　d) Indivisible.

9.　Rawls theory of justice relates to ------------

　　a) Welfare economics　　　　　　b) Distribution

　　c) Production　　　　　　　　　　d) None of these.

10. The slope of isoquant measures:

    a) MRS   b) MRTS   c) Price ratio. d) MC

11. The input output analysis is based on

    a) Interdependence between economic sectors b) independent economic sectors

    c) Both a) and b)   d) None of the above

12. The theory of second best is formulated by

    a) Walras   b) Hicks and Allen c) Lipsey and Lancaster   d) Hall and Hit

(12x ¼ =3 weighta

PART B
Answer any Fivequestions
Short answer questions carry 1weightage

13. Negative externalities.

14. Open input output model.

15. Principal- agent problem

16. Market failure.

17. Grant utility curve.

18. Public good.

19. Asymmetric information.

20. Social welfare function.

(5 x 1 =5 weightag

PART C
Answer any Sevenquestions
Short essay questions carries 2 weightage

21. Discuss Kaldor-Hicks compensation criterion.

22. Explain market for lemon.

23. Discuss Hawkin- Simon condition.

24. Discuss positive externalities in consumption.

25. ExplainSen's theory of welfare.

26. Explain efficiency wage theory.

27. Discuss Tragedy of commons.

28. Explain theory of second best.

29. Explain Rawls theory of justice.

30. What is behavioural economics.

(7x12=14 weightag

PART D
Answer any two questions
Essay questions carries 4 weightage

31. Discuss Arrows impossibility theorem.

32. Discuss input output analysis.

33. Explain the ways of correcting market failure.

34. State and explain conditions of Pareto optimum in consumption and production.

(2x4=8 weightag

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PART – A
Answer all questions.
Each questions carries 1/5 weightage

A. Multiple choice

1. Which of the following is a true statement.

   (a) Mean of Binomial Distribution increases when 'n' increases

   (b) If two independent random variables follow Binomial distribution, their sum also follows Binomial distribution.

   (c) Binomial Distribution has mean 'np' and S D 'npq'

   (d) Binomial Distribution is a continuous probability Distribution.

2. The range of Poisson variable is ……

   (a) $(0, \infty)$ (b) $(-\infty, \infty)$ (c) 1,2,3,…   (d) 0,1,2,3,…

3. The measure of kurtosis for a Normal Distribution is ….

   (a) 3   (b) 0   (c) < 3   (d) > 3

4. The Probability density function of a standard normal curve is

   (a) $\dfrac{e^{\frac{x^2}{2}}}{\sqrt{2\pi}\sigma}$ (b) $\dfrac{e^{\frac{-x^2}{2}}}{\sqrt{2\pi}}$ (c) $\dfrac{e^{-\frac{(x-\mu)^2}{2}}}{\sqrt{2\pi}\sigma}$ (d) $\dfrac{e^{-\frac{(x-\mu)^2}{2}}}{\sqrt{2\pi}}$

5. If $X \sim \chi^2_{n_i}$ for i = 1,2,3,…,n, the distribution of the variate $\sum_{i=1}^{n} X_i$ is

   (a) Normal distribution   (b) F distribution

   (c) Chi square distribution with $\sum_{i=1}^{n} n_i$ d.f   (d) none of these

6. The F statistic with usual notation is defined as

   (a) $F = \dfrac{\chi_1^{2}/n_1}{\chi_2^{2}/n_2}$ (b) $F = \dfrac{\chi_1^{2}}{\chi_2^{2}}$ (c) e^{2z} (d) None of these

7. An estimator T_n of the population parameter θ converges in probability to θ when n tends t infinity is said to be

   (a) sufficient   (b) efficient   (c) consistent   (d) unbiased

8. The level of significance is the probability of :

   (a) Type I error   (b) Type II error   (c)Both (a) and (b)   (d) None of these

9. Student's t test is applicable in case of

   (a) Small samples   (b) large samples   (c) Both (a) and (b)   (d)Neither (a) nor (b)

10. Analysis of variance utilizes:

   (a) F test   (b) t test   (c)Z- test   (d)test

B. Fill in the Blanks

11. If X_1, X_2, ……X_n are i.i.d normal variables with mean μ and variance σ^2, then the variabl $\sum_{i=1}^{n} X_i$ is distributed as …………..

12. If $X \sim uniform(a,b)$ then the mean of X is ………..

13. If **β** and α ,are the probabilities of type II and type I Error respectively , then the power o the test is ……….

14. The degrees of freedom for t- statistic for paired t test based on n pairs of observations i: ……………..

15. If the expected value of an estimator is equal to its parametric function ψ (θ),then the estimator is said to be a ………….. estimator

(15 x 1/5 = 3 weightage)

PART – B
Short answer questions
Answer any 5 questions. Each question carries weightage 1.

16. Define Poisson Distribution.

17. What are the properties of a good estimator?

18. What do you mean by size of test?

19. Define Standard Error.

20. Define Exponential distribution.

21. State the basic assumptions of ANOVA.

22. Define the term Statistic.

23. Define simple and composite hypotheses.

(5 x 1 = 5 weightage)

PART – C
Short Essay Questions
Answer any 7 questions. Each question carries weightage 2.

24. If X follows a normal distribution with mean = 50 and Standard Deviation = 8. Find the probability that X assumes the value between 34 and 62.

25. When do you use paired t test? Write down the test statistic for paired t test?

26. What do you understand by the test of goodness of fit?

27. If two samples of sizes 100 and 150 have means 210 and 200, and standard deviation 10 and 12 respectively from two normal populations $N(\mu_1 \sigma^2)$ and $N(\mu_2, \sigma^2)$ Find the value of the test statistic to test the equality of means.

28. Suppose that a manufactured product has 2 defects per unit of product inspected. Use Poisson distribution and calculate the probabilities of finding a product without any defect and with three defects.

29. Write the characteristics of Normal Distribution.

30. The table given below shows the data obtained during the outbreak of small pox

	Attacked	Not attacked	Total
vaccinated.	31	469	500
Not vaccinated	185	1315	1500
Total	216	1784	2000

Test the effectiveness of vaccination in preventing the attack from small pox.

31 What are the characteristics of Normal Distribution?

32 Distinguish between one tailed and two tailed tests.

33 What are the applications of Chi – square test?

(7 x 2 = 14 weightage)

PART – D
Essay Questions
Answer *any 2 questions. Each question carries weightage 4.*

34. A skilled typist, on routine work, kept a record of mistakes made per day during 300 worki
days.

Mistakes per day	0	1	2	3	4	5	6
No of pages	143	90	42	12	9	3	1

Fit a Poisson distribution and find theoretical frequencies.

35. A random sample of 50 people from a population showed incomes with a mean $\bar{X} = 500$
and Standard Deviation = 6000. Estimate the population mean with (a) 95% and (b) 99
confidence intervals.

36. Of the two salesmen, X claims that he has made larger sales than Y. For the accour
examined which were comparable for the two men, results were:

	No. of sales	Average size	S.D
X	10	6200	690
Y	17	5600	600

Do these average sizes of sales figures differ significantly?

37. The data below represent the throughput obtained from unit of a acid paint before failu
through correlation. The units are classified according to the foundry manufacturing ther

Foundry	Throughput obtained								
A	84	60	40	47	34				
B	67	92	95	40	98	60	59	109	86
C	46	93	100						

Perform an analysis of variance of this data

(2 x 4 = 8 weightag