

**Name:**  
**Enrolment No:**

**UNIVERSITY OF PETROLEUM & ENERGY STUDIES**  
**End Semester Examination (Online) – December, 2021**

**Program: BA(Hons) Economics**  
**Subject/Course: Public Economics-II**  
**Course Code: ECON 3014**

**Semester: V**  
**Max. Marks: 100**  
**Duration: 3 Hours**

Q.No.	Section A (Type the Answers in test box)	10Q×2M=20M	COs
	Question	Marks	COs
1	Which of the following deficits indicate Fiscal Deficits-Interest Payments? (a) Revenue deficit (b) Capital deficit (c) Primary deficit (d) None of the above	2	CO 1
2	Cascading effect will be higher (a) Commodity taxes (b) Value added tax (c) Union excise duty (d) All of the above	2	CO 1
3	The proposed GST bill will subsume: (a) Entertainment tax (b) Value added tax (c) Union excise duty (d) All of the above	2	CO 1
4	According to the Barro-Ricardo's Equivalence theorem, debt financed fiscal expansions have the same effects on the real economy as the tax financed fiscal expansions if (a) Tax payers have bequest motive, perfect foresight and no liquidity constraint (b) Government budget is inter-temporarily balanced (c) Nominal interest rate on public debt equals economy's growth rate (d) Both (a) and (b) above	2	CO 1
5	The crowding out effect is stronger (a) In the Keynesian model than in the classical model (b) The larger the interest sensitiveness of the money demand (c) The smaller the interest sensitiveness of the investment demand (d) In an open economy than in a closed economy	2	CO1

6	Which tax does solely the Government of India impose? (1) Sales Tax (2) Excise Tax (3) Custom duty (4) Octroi day	2	CO1				
7	<p>GST in India will be characterized by which of the following features. Choose the correct answer from the code given below: (a) There will be a dual GST with Centre and the state. (b) It would be destination-based tax as against the origin-based tax. (c) It would apply to all goods and services excluding alcohol for human consumption.</p> <p><b>Codes</b></p> <table border="1"> <tr> <td>(1) All the above are correct</td> <td>(2) Only (a) is true</td> </tr> <tr> <td>(3) Both (a) and (b) are true</td> <td>(4) Only (b) and (c) are true</td> </tr> </table>	(1) All the above are correct	(2) Only (a) is true	(3) Both (a) and (b) are true	(4) Only (b) and (c) are true	2	CO1
(1) All the above are correct	(2) Only (a) is true						
(3) Both (a) and (b) are true	(4) Only (b) and (c) are true						
8	<p>Which of the following pair is not correctly matched?</p> <p>(1) Similarly persons should be taxed similarly – Horizontal equity (2) Interest payments are deducted from fiscal deficit- Primary deficit (3) Goods which are divisible and principle of exclusion applies in full measure– Pure private goods (4) Tax on goods and services is levied according to item’s value- State excise duties</p>	2	CO1				
9	<p>A tax is said to be buoyant if tax revenue is proportionally:</p> <p>(1) More responsive to changes in output. (2) Less responsive to changes in output. (3) Equally responsive to change in tax base (4) Less responsive to changes in tax base</p>	2	CO1				
10	<p>Assertion (A): A progressive income tax is based on equimarginal sacrifice. Reason (R): Higher the income, lower will be the marginal utility of money for the tax Payers.</p> <p><b>Codes:</b></p> <p>(1) Both (A) and (R) are true and (R) is the correct explanation of (A). (2) (A) is true, but (R) is not the correct explanation of (A). (3) (A) is true, but (R) is false. (4) (A) is false, but (R) is true.</p>	2	CO1				
<b>Section-B</b>							
<b>Q.No.</b>	<b>(Scan and upload)</b>	<b>4Q×5M=20M</b>					
1.	Do you agree the tax rate under GST will be less than other commodity taxes? Explain	5	CO 2				
2.	Explain different type of deficits, which is used in budget documents?	5	CO				

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3.	What do you mean by effect of tax shifting? Discuss the effect of unit tax on suppliers. (Use Diagram to explain)	5	CO 2
4.	Discuss the impact of public debt influences on economy?	5	CO 3

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<b>Q.No.</b>	<b>Section-C (Scan and upload)</b>	<b>3Q×10M=30M</b>	
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1	What is VAT? Critically Analyze the different method for calculating VAT.	10	CO 3
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2	Analyze whether Income Taxation in India is progressive or not.	10	CO 3
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3	<p>Two consumers A and B have incomes of \$30,000 and \$100,000, respectively. A and B consume the same bundle of goods with a cost (including tax) of 24,000. The only tax on the economy is a commodity tax levied uniformly on all goods at a rate of 20 percent.</p> <p>i. What proportion of income is paid in tax by A and B?  ii. What implications does such a tax have in terms of equity?  iii. Is there any way the commodity tax can be restructured to improve its equity properties?</p> <p style="text-align: center;">OR</p> <p>Derive the deadweight loss which arises because of indirect tax on various economic agents in the economy</p>	10	CO3
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<b>Q.No.</b>	<b>Section-D (Scan and upload)</b>	<b>2Q×15M=30M</b>	
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1	For the linear demand function $x = a - bp$ , calculate the deadweight loss of introducing a commodity tax $t$ when the marginal cost of production is constant at $c$ . How is the deadweight loss affected by changes in $a$ and $b$ ? How does a change in $b$ affect the elasticity of demand at the equilibrium without taxation?	15	CO4
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2	<p>Apply your understanding fiscal policy to explain the increase in public spending during the pandemic across various countries.</p> <p style="text-align: center;">Or</p> <p>Critically analyze various fiscal policy measure to increase the economic growth of India for next five years.</p>	15	CO4
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