

Name:

Enrolment No:



**UNIVERSITY OF PETROLEUM AND ENERGY STUDIES**  
**End Semester Examination, December 2019**

**Course: Economics of Public Policy**

**Program: BA PPA**

**Course code: BAPP 2001**

**Instructions:**

**Semester: III**

**Time: 03 Hours**

**Max. Marks: 100**

**SECTION -A**

**(20 Marks)**

		<b>Marks</b>	<b>CO</b>
1	A government budget involves estimation of revenue and expenditure for a. Next five years b. The next decade c. Next one year d. The next Plan period	2	CO 1
2	The main feature of a zero-based budget is that the unspent amount a. is put in an escrow account b. goes back to the general fund c. is diverted to capital account d. is deposited in RBI	2	CO 1
3	A 'balanced budget' is favored by a. Keynesian economists b. Classical economists c. Communists d. Social democrats	2	CO 1
4	A balanced budget multiplier is always a. Greater than one b. Less than one c. Equal to one d. None of the above.	2	CO 1
5	Vertical fiscal imbalance cannot be corrected by this method a. Tax power sharing b. Tax base sharing c. Tax revenue sharing d. Tax expenditure sharing	2	CO 2
6	The Finance Commission in India a. Constituted every five years b. Is a permanent body c. Works under the Ministry of Finance d. Is elected every five years	2	CO 2

7	The following institution is not involved with any fiscal transfers in India a. NITI Aayog b. Finance Commission c. Planning Commission d. Ministry of Finance	2	CO 1
8	Tax devolutions in India are recommended by a. Planning Commission b. NITI Aayog c. Comptroller and Auditor General of India d. Central Finance Commission	2	CO 1
9	Centrally Sponsored Schemes in India are approved by a. The Finance Commission b. Ministry of Agriculture c. Central Planning Commission d. Agricultural Prices Commission	2	CO 1
10	The basic character of an indirect tax is a. The point of incidence is not the same as the point of levy b. It falls on the consumption of goods and services c. It is levied on all commodity transactions d. Its revenue increases with price inflation	2	CO 3
<b>SECTION-B</b>			<b>( 20 Marks)</b>
<b>Answer any four questions</b>			
11	Explain Wagner hypothesis of Public Expenditure.	5	CO 1
12	Explain the relationship between elasticity of demand, tax rate, and deadweight loss.	5	CO 3
13	What are the various channels of center and state resource transfer in India?	5	CO 3
14	Do you think reduction in corporate tax rate will increase investment in India at present?	5	CO 3
15	What is the difference between tax buoyancy and tax elasticity?	5	CO 2
<b>SECTION-C</b>			<b>( 30 Marks)</b>
16	Explain median voter theorem. Do you think median voter theorem reflects social preference?	10	CO 2
17	<p>A steel factory has the right to discharge waste into a river. The waste reduces the number of fish, causing damage for fisheries. Let X denotes the quantity of waste dumped. The marginal damage, denoted MD, is given by the equation <math>MD = 2 + 5Q</math>. The marginal benefit (MB) of dumping waste is given by the equation <math>MB = 34 - 3Q</math>.</p> <p>(a) Calculate the efficient quantity of waste.</p> <p>(b) What is the efficient fee, in dollars per unit of waste, which would cause the firm to dump only an efficient quantity of waste?</p>	10	CO 3

	(c) What would be the quantity dumped if the firm did not care about the fishery?		
18	What do you understand by the balanced budget? What is its economics significance?	10	CO 2
19	Write short notes on centrally sponsored schemes of Govt. of India initiated in last 5 years.	10	CO 2
<b>SECTION-D</b>		<b>( 30 Marks)</b>	
20	Critically analyze the role of Government Intervention in improving the Social Welfare in India.	30	CO 3