

Name:  
Enrolment No:



UNIVERSITY WITH A PURPOSE

**UNIVERSITY OF PETROLEUM & ENERGY STUDIES**

**End Semester Examination (Online) – December, 2020**

**Program: BA PPA**  
**Subject/Course: Economics of Public Policy**  
**Course Code: BAPP 2001**

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

**Section-A**

1. Each question will carry 5 marks
2. Select the correct answer(s)

S.No.	Question	Marks	COs																																													
1	<p>What is the formula for tax devolution used by the 15<sup>th</sup> Finance commission of India? Note: all the data for the criteria is given in %</p> <table border="1"> <thead> <tr> <th>Formula</th> <th>Population</th> <th>Income Distance</th> <th>Area</th> <th>Demographic Performance</th> <th>Tax Effort</th> <th>Forest and Ecology</th> </tr> </thead> <tbody> <tr> <td>a)</td> <td>17.5</td> <td>10</td> <td>15</td> <td>50</td> <td>0</td> <td>7.5</td> </tr> <tr> <td>b)</td> <td>15</td> <td>45</td> <td>15</td> <td>12.5</td> <td>2.5</td> <td>10</td> </tr> <tr> <td>c)</td> <td>18.5</td> <td>14</td> <td>17</td> <td>55</td> <td>8</td> <td>9</td> </tr> <tr> <td>d)</td> <td>19.5</td> <td>20</td> <td>12</td> <td>66</td> <td>20</td> <td>15</td> </tr> </tbody> </table>	Formula	Population	Income Distance	Area	Demographic Performance	Tax Effort	Forest and Ecology	a)	17.5	10	15	50	0	7.5	b)	15	45	15	12.5	2.5	10	c)	18.5	14	17	55	8	9	d)	19.5	20	12	66	20	15	5	CO 1										
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2	<p>Match the following ( Data in the table is given as per the revised estimates for the year 2019-20) and select correct answer from the codes given below:</p> <table border="1"> <thead> <tr> <th colspan="2">List I</th> <th colspan="2">List II</th> </tr> </thead> <tbody> <tr> <td>a) Revenue deficit</td> <td></td> <td>i) 3.8</td> <td></td> </tr> <tr> <td>b) Effective revenue deficit</td> <td></td> <td>ii) 2.4</td> <td></td> </tr> <tr> <td>c) Fiscal deficit</td> <td></td> <td>iii) 1.5</td> <td></td> </tr> <tr> <td>d) Primary deficit</td> <td></td> <td>iv) 0.7</td> <td></td> </tr> </tbody> </table> <p><b>Codes</b></p> <table> <tr> <td></td> <td><b>a)</b></td> <td><b>b)</b></td> <td><b>c)</b></td> <td><b>d)</b></td> </tr> <tr> <td><b>A)</b></td> <td><b>i)</b></td> <td><b>ii)</b></td> <td><b>iii)</b></td> <td><b>iv)</b></td> </tr> <tr> <td><b>B)</b></td> <td><b>ii)</b></td> <td><b>iii)</b></td> <td><b>i)</b></td> <td><b>iv)</b></td> </tr> <tr> <td><b>C)</b></td> <td><b>iii)</b></td> <td><b>ii)</b></td> <td><b>iv)</b></td> <td><b>i)</b></td> </tr> <tr> <td><b>D)</b></td> <td><b>i)</b></td> <td><b>ii)</b></td> <td><b>i)</b></td> <td><b>iv)</b></td> </tr> </table>	List I		List II		a) Revenue deficit		i) 3.8		b) Effective revenue deficit		ii) 2.4		c) Fiscal deficit		iii) 1.5		d) Primary deficit		iv) 0.7			<b>a)</b>	<b>b)</b>	<b>c)</b>	<b>d)</b>	<b>A)</b>	<b>i)</b>	<b>ii)</b>	<b>iii)</b>	<b>iv)</b>	<b>B)</b>	<b>ii)</b>	<b>iii)</b>	<b>i)</b>	<b>iv)</b>	<b>C)</b>	<b>iii)</b>	<b>ii)</b>	<b>iv)</b>	<b>i)</b>	<b>D)</b>	<b>i)</b>	<b>ii)</b>	<b>i)</b>	<b>iv)</b>	5	CO 1
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3	<p>If the elasticity of demand for a good is greater than elasticity of supply for the good, then:</p> <p>A. The burden of tax on buyers would be higher than that on sellers  B. The burden of tax on buyers would be lower than that on sellers  C. Incidence cannot be shifted  D. The burden of tax on buyers would be equal to that on sellers</p>	5	CO 1												
4	<p>What is the current tax share of direct taxes in total tax revenue of the Central Government?</p> <p>A. Around 17%  B. Around 27%  C. Around 35%  D. Around 33%</p>	5	CO 1												
5	<p>Vertical fiscal imbalance cannot be corrected by this method</p> <p>A. Tax power sharing  B. Tax base sharing  C. Tax revenue sharing  D. Tax expenditure sharing</p>	5	CO 1												
6	<p>The purpose of providing grants-in-aid to States under Article 275 of Indian Constitution is to</p> <p>A. help reduce the post-devolution revenue deficit  B. provide relief from natural disasters  C. finance capital projects  D. increase capacity building</p>	5	CO 1												
<b>Section-B</b>															
<p><b>1. Each question will carry 10 marks</b></p> <p><b>2. Instruction: Write short/ brief notes</b></p>															
7.	Advantages of GST over other indirect taxes on Indian economy.	10	CO 2												
8.	Importance of fiscal policy in developing countries.	10	CO 2												
9.	What are the problems with commodity taxes in India?	10	CO 2												
10.	<p>What do you mean by progressive, regressive, and proportional tax system in Income taxation? Prove with the following data.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Income Tax Slab</th> <th style="text-align: left;">Tax rate</th> </tr> </thead> <tbody> <tr> <td>Up to 2.5 lakh</td> <td>Nil</td> </tr> <tr> <td>2.5 lakh to 5 lakh</td> <td>5%</td> </tr> <tr> <td>5 lakh to 7.5 lakh</td> <td>10%</td> </tr> <tr> <td>7.5 lakh to 10 lakh</td> <td>15%</td> </tr> <tr> <td>10 lakh to 12.5 lakh</td> <td>20%</td> </tr> </tbody> </table>	Income Tax Slab	Tax rate	Up to 2.5 lakh	Nil	2.5 lakh to 5 lakh	5%	5 lakh to 7.5 lakh	10%	7.5 lakh to 10 lakh	15%	10 lakh to 12.5 lakh	20%	10	CO 3
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11	What do you mean by effect of tax shifting? Explain the effect of unit tax on suppliers. (Use Diagram to explain)	10	CO 3
<b>Section-C</b>			
<p><b>1. Each question carries 20 Marks.</b></p> <p><b>2. Instruction: Write long answer.</b></p>			
12	<p>Explain different methods to compute VAT. Which method is best?</p> <p style="text-align: center;"><b>Or</b></p> <p>Explain the different sources of Public debt. What are the positive arguments for public debt?</p> <p style="text-align: center;"><b>Or</b></p> <p>What are the recommendations of Kelkar Committee (2012) on fiscal consolidation?</p>	20	CO 4