

Mumbai School of Economics and Public Policy (MSE-PP)
University of Mumbai
Metropolitan Governance and Finance SEM IV MA End Semester

Sample Questions¹

- 1. “Mandatory levies that are not related to any specific benefit or government service” are referred to as**
 - a. Fees/User charges
 - b. General taxes**
 - c. Benefit taxes
 - d. Regulatory Fee

- 2. Which of the following characteristics best define land based fiscal tools (LBFTs)?**
 - a. Immovability, Visibility, Clearly defined tax base and avoidance not possible**
 - b. Easy to evade, difficulty in administration, lack of clarity
 - c. Distortionary impact on the real estate market
 - d. Lack of clarity, difficulty in administration and expensive for tax collection

- 3. ‘Metropolitan’ is an emergent concept that can be best interpreted as an**
 - a. A political construct characterised by hierarchal levels of governing bodies
 - b. An economic concept mainly used for planning purposes, characterised with boundaries that change**
 - c. A political construct with fixed boundaries and well defined revenue and expenditure functions
 - d. An economic concept with a well-defined optimal size

- 4. Identify which of the following possesses most of the characteristics of a good local tax such as visibility, non-distortionary nature and ability to tax unrealized increases in wealth.**
 - a. Wealth Tax
 - b. Income Tax
 - c. Property Tax**
 - d. General Tax

- 5. One of the prominent drawback of land based fiscal tools is the**
 - a. Infrequent assessment of land values**
 - b. Lack of collection mechanisms
 - c. Distorted land market
 - d. Corruption and malpractices

¹ The correct Options/ Solutions are provided in RED

- 6. Identify from the following option a fiscal tool used for recovery of marginal cost incurred in the process of servicing a new development and hence is compensatory in nature**
- Land Value Increment Tax
 - Transfer of Development Rights
 - Impact Fees**
 - Sale of Development Rights
- 7. Which of the following is a practical difficulty encountered in implementation of Land value increment tax?**
- Monitoring adherence to the tax policies
 - Administration and collection of the tax
 - Assessment of rise in the land value that is attributable to a particular cause**
 - Monitoring tax evasions and ensuring enforcement of the tax laws
- 8. Success of which of the following tool depends on a host of factors such as business cycle, land supply and particularly prescribed base FSI?**
- Transfer of Development Rights**
 - Area based development charge
 - Value based development charge
 - Sale of development rights
- 9. The main cause for emergence of slums in rapidly urbanising cities is the**
- Desire to settle in places offering better economic opportunities.
 - Increasing demand for shelter on one hand and inability of formal market to meet the housing demand at affordable prices.**
 - Inability of the people to afford housing due to rising property prices and speculation.
 - Poor financial conditions of the incoming population.
- 10. The failure to identify the economic value of the Mumbai Port Trust land and ensure that its management is driven by the economic and urban development principles is indicative of**
- Administrative Lethargy
 - Corrupt Practices
 - Non-Transparency in land operations**
 - Political Incompetence
- 11. Metropolitan government is an**
- New concept with an evolving meaning
 - Old concept with a well-established meaning
 - Natural and practical construct
 - Artificial, rather than organic, conceptual construct, emergent in nature**

12. ULBs are classified as municipal corporations and municipal councils based on the criterion of

- a. Population
- b. Area
- c. Demographic
- d. Administrative

13. From an economist's perspective both taxes mentioned must essentially be elements of local taxation, however neither is actually collected by the local government and only a small part is passed on to the local entities by the state.

- a. Profession & Income Tax
- b. Excise & Purchase Tax
- c. Entertainment & Luxury Tax
- d. Profession & Entertainment Tax

14. The most important taxes collected by ULBs are

- a. Property tax
- b. Water tax and Sewage tax
- c. Octroi
- d. Service tax

15. Evidence suggests that smaller the size of the ULBs

- a. The greater their dependency of grants rather than on own-source revenues
- b. The lesser their dependency of grants rather than own source revenue
- c. There exists no relation in the size of ULBs and their dependency on grants
- d. There exists a proportional relation in the size of ULBs and their dependency on grants

16. A close examination of the Chinese fiscal practices over the past decades hint at excessive dependence of the municipal finance on

- a. Budgetary sources of finance
- b. Borrowing from higher authorities for capital expenditures
- c. Borrowing from international agencies for capital expenditures
- d. Extra budgetary sources and borrowing

17. The basic hurdles in unlocking of land values is

- a. Finding the appropriate alternative use for the surplus land
- b. Identification of land owned by government agencies, related parastatals and then identification of the land that is surplus or appropriate for alternative use
- c. Transfer of land from the initial owners of land to authorities endowed with the responsibility of unlocking land values
- d. Ready the land for disposition in response to demand for it in an alternative use.

18. The purpose of earmarking normally is to boost spending on targeted types of expenditure, or to ensure a certain level of spending for earmarked activities. However, it has been criticized because

- a. It creates scope for corruption and other malpractices
- b. **It takes expenditure decisions out of the hands of elected officials and limits their flexibility to respond to voter preferences**
- c. Grants autonomy to link particular stream of revenue to specific expenditure purposes
- d. Permits expenditure decisions to be taken such that they reflect the ideologies of elected officials and make expenses responsive to voter preferences

19. One of the most controversial aspect of unlocking land value particularly in the context of compulsory land acquisition by government is the issue of

- a. **Compensation**
- b. Earmarking
- c. Identification of Surplus Land
- d. Disposition of Public land

20. Identify which of the following statements is true in the context of unlocking land values and the role of public agencies

- a. Public agencies have assumed a proactive role over the recent years in willingly identifying surplus land
- b. **Public agencies have an inherent inertia owing to their interest in retaining their bureaucratic & political controls over land assets**
- c. Public agencies have been mandated to seek for ways in which their land assets could be put to more productive use by other parties
- d. Public agencies rarely have land that can be deemed as unused or surplus

21. The approach best suited when there are massive needs for low- income housing is

- a. International Collaborations
- b. Private Finance
- c. Locally driven Programs
- d. **National Housing programs with local and community participation**

22. “Whenever the benefits of the project can be located within a certain benefit zone, it is economically efficient to finance infrastructure projects by using the increases in the value of land that results from them” is the basic premise of

- a. **Land Based Financing**
- b. Progressive Housing
- c. Community Funds
- d. Housing Micro-finance

23. Mortgage lending is limited to the upper and middle-income households who have steady and verifiable incomes while the low income households have to resort to money lent at expensive terms apart from own savings, due to this constraint faced by the low-income households an efficient method of housing finance for such households is

- a. Community Funding
- b. Land Based Financing
- c. Own Savings
- d. **Housing Micro-Finance**

24. The Mumbai Metropolitan Region currently comprises of

- a. Nine Municipal Corporations & Eight Municipal Councils
- b. Ten Municipal Corporations & Twelve Municipal Councils
- c. Twelve Municipal Corporations & Ten Municipal Councils
- d. **Eight Municipal Corporations & Nine Municipal Councils**

25. MMR may be characterized as the “goose that lays the golden egg,” a strong economic engine that creates a stake for the higher levels of governments to remain invested in the region so that growth is sustained. Such increased participation of the central and state governments in the region is attributed to the fact that

- a. **The region contributes 70 percent of state- level and more than 11 percent of national-level tax revenues**
- b. The region is an economic hub providing livelihood to many
- c. The region is characterised with agglomeration economies resulting in economic efficiency and productivity growth
- d. The region carries tremendous political importance and economic potential