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Reg. No. : .....

Code No. : 30186 E Sub. Code : SMEC 62

B.A. (CBCS) DEGREE EXAMINATION, APRIL 2023

Sixth Semester

Economics — Core

PUBLIC FINANCE — II

(For those who joined in July 2017–2019)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. Externalities are also called as \_\_\_\_\_
  - (a) Spillover effects
  - (b) Neighbourhood effects
  - (c) Third party effects
  - (d) All of the above
  
6. Fiscal policy in India is formulated by
  - (a) Reserve bank of India
  - (b) Planning commission
  - (c) Finance Ministry
  - (d) SEBI
7. Entertainment tax was first introduced in \_\_\_\_\_
  - (a) Punjab (b) Delhi
  - (c) Rajasthan (d) West Bengal
8. The major sources of revenue of municipal corporation are
  - (a) Tax on property
  - (b) Theatre and show tax
  - (c) Taxes on vehicles and animals
  - (d) All of these
9. The chairman of the 15<sup>th</sup> finance commission was
  - (a) K.C. Pant (b) A.K. Chanda
  - (c) K. Santhnam (d) N.K. Singh
10. Who appoints the chairman of the finance commission?
  - (a) Prime Minister
  - (b) President
  - (c) Chief Minister
  - (d) Speaker of the Lok Sabha

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2. The concept of merit goods was given by
  - (a) Samuelson (b) Dalton
  - (c) Musgrave (d) Prest
3. Who has the power of making changes in budget?
  - (a) Prime Minister
  - (b) President
  - (c) Finance Minister
  - (d) Speaker of the Lok Sabha
4. The budget is presented on the last working day of \_\_\_\_\_ month.
  - (a) January (b) February
  - (c) March (d) April
5. Which of the following is a part of fiscal policy of the government?
  - (a) Sale of securities
  - (b) Government spending and taxation
  - (c) Credit rationing
  - (d) Bank rate policy

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PART B — (5 × 5 = 25 marks)

Answer ALL questions choosing either (a) or (b).  
Each answer should not exceed 250 words.

11. (a) What are externalities?  
Or  
(b) Indicate the reasons for market failure.
12. (a) What is zero - based budgeting?  
Or  
(b) Analyze the classifications of budget.
13. (a) How can fiscal policy promote economic growth?  
Or  
(b) Discuss the objectives of fiscal policy in underdeveloped countries.
14. (a) Analyze the sources of revenue of local bodies in India.  
Or  
(b) Explain the structure of local bodies in India.

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15. (a) Discuss the main functions of recent finance commission.

Or

- (b) What are the functions of finance commission?

PART C — (5 × 8 = 40 marks)

Answer ALL questions choosing either (a) or (b).  
Each answer should not exceed 600 words.

16. (a) What are the characteristics of public goods?

Or

- (b) Explain the negative and positive externalities with suitable example.

17. (a) Narrate the budget procedure.

Or

- (b) Highlight current year's budget.

18. (a) Explain the role of fiscal policy in a developing economy.

Or

- (b) Explain the role of fiscal policy in reducing inequality of income.

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19. (a) State the difference between state finance and local finance.

Or

- (b) Suggest measures to solve the problem of local finance.

20. (a) Discuss the main recommendations of recent finance commission.

Or

- (b) What are the powers of finance commission?
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