

2018

(November)

ECONOMICS

(Major)

Course : 502

(**Public Economics : Policy Issues**)

Full Marks : 80

Pass Marks : 32/24

Time : 3 hours

*The figures in the margin indicate full marks
for the questions*

1. Answer/Choose the correct answer of the following : 1×8=8

(a) Mention a major item which is kept outside the proposed goods and services tax (GST).

(b) Non-plan revenue expenditure does not include expenditure incurred on

(i) interest payment

(ii) maintenance of capital goods

(iii) flood control

(iv) All of the above

(c) A government may cover up the deficit by

(i) withdrawing its cash balances from the central bank of the country

- (ii) borrowing from the central bank and commercial banks
- (iii) Both (i) and (ii)
- (iv) Neither (i) nor (ii)
- (d) The objective of fiscal policy in developing countries is
- (i) rapid economic growth
- (ii) price stability
- (iii) equitable distribution
- (iv) All of the above
- (e) Mention one limitation of fiscal policy in the context of a developing economy.
- (f) The Budget, 2018-19 promises to limit fiscal deficit as percentage of GDP at
- (i) 3.3
- (ii) 3.5
- (iii) 4.4
- (iv) None of the above
- (g) The current income tax slab of 30% is applicable for tax payers above the income
- (i) ₹ 5.0 lakh
- (ii) ₹ 6.0 lakh
- (iii) ₹ 8.0 lakh
- (iv) ₹ 10.0 lakh
- (h) Who is the Chairman of Fifteenth Finance Commission of India?

2. Write short notes on any four of the following (within 150 words each) : $4 \times 4 = 16$
- (a) Rationalization of tax system in India
- (b) Impact of public debt on Indian economy
- (c) Role of fiscal policy in India
- (d) Fiscal deficit, revenue deficit and primary deficit
- (e) Role of Finance Commission in India

Answer the following questions (within 500 words each) :

3. (a) Write a critical note on the importance and effectiveness of tax system in market economy. 12
- Or
- (b) Explain four features of Indian tax system. Give an account of the recent tax reform measures of Government of India. $4+8=12$
4. (a) What are the major heads of public expenditures in India? Discuss the pattern of public expenditure. $4+7=11$
- Or
- (b) Explain the nature and volume of external and internal public debt in India. Discuss how the government borrowing is helping Indian economy. $7+4=11$

5. (a) Explain the meaning of programme and zero-base budgeting. Discuss the importance of budget as an instrument of economic policy. $3+3+5=11$

Or

- (b) What are the core objectives of the Union Budget, 2018-19? State the major features of the Budget, 2018-19. $4+7=11$

6. (a) Examine the suitability of fiscal policy for developing countries like India. 11

Or

- (b) Explain the fiscal reform measures taken in India in the context of new economic policy. Do you think these measures are adequate? Give justifications. $7+4=11$

7. (a) State the meaning of fiscal federalism. Explain the principles of allocations of resources. $4+7=11$

Or

- (b) Explain the major differences between 13th and 14th Finance Commissions' recommendations. Will the recommendations of the 14th Finance Commission impact the special category States? $8+3=11$
