

(7 pages)

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M.A. (CBCS) DEGREE EXAMINATION,
APRIL 2024

Fourth Semester

Economics – Core

PUBLIC FINANCE

(For those who joined in July 2021-2022)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. The difference between revenue expenditure and revenue receipts is
 - (a) Revenue deficit
 - (b) Fiscal deficit
 - (c) Budget deficit
 - (d) Primary deficit

2. The difference between revenue deficit and grants for creation of capital assets is called

- (a) Fiscal deficit
- (b) Budget deficit
- (c) Effective revenue deficit
- (d) Primary deficit

3. The difference between total expenditure and total receipts is

- (a) Fiscal deficit
- (b) Budget deficit
- (c) Primary deficit
- (d) Revenue deficit

4. The difference between total expenditure and total receipts except loans and other liabilities is called

- (a) Fiscal deficit
- (b) Budget deficit
- (c) Primary deficit
- (d) Revenue deficit

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5. The difference between fiscal deficit and interest payment during the year is called

- (a) Fiscal deficit
- (b) Budget deficit
- (c) Primary deficit
- (d) Revenue deficit

6. Which of the following is a part of capital account?

- (a) Private capital
- (b) Banking capital
- (c) Official capital
- (d) All the above

7. The investment in productive assets and participation in management as stake holders in business enterprises is

- (a) FDI
- (b) FII
- (c) Balance of payment
- (d) SDR

8. Which of the following items is classified as a Capital Receipt in the budget for the Government of India?

- (a) The receipts from the collection of income tax
- (b) The borrowings made by the government from the public
- (c) The dividends and profits received from the public sector units
- (d) The interest receipts for loans given by the government to its debtors

9. Which of the following is not a part of the development expenditure undertaken by the Government of India?

- (a) The grants provided to state governments
- (b) The expenditure towards providing community and social services
- (c) The expenditure towards providing economic services
- (d) The expenditure as a part of the defence budget



10. Which of the following describes the correct scenario if the Government of India fails to pass the budget?

- (a) The entire council of ministers have resigned and the government falls down
- (b) The Finance Minister requests the speaker of the house for extra time to pass the budget
- (c) The budget from the last year continues
- (d) None of the above

PART B — (5 × 5 = 25 marks)

Answer ALL questions by choosing either (a) or (b).

Each answer should not exceed 250 words.

11. (a) Describe the role of public finance.

Or

(b) What do you mean by social goods?

12. (a) Discuss about the effects of public expenditure.

Or

(b) Simplify the Canons of public expenditure.

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13. (a) Write a short note on taxation.

Or

(b) Classify the methods of debt redemption.

14. (a) Explain the kinds of budgets.

Or

(b) Determine the different concepts of budget deficits.

15. (a) Discuss the instruments of fiscal policy.

Or

(b) List out the objectives of fiscal policy.

PART C — (5 × 8 = 40 marks)

Answer ALL questions by choosing either (a) or (b).

Each answer should not exceed 600 words.

16. (a) Discuss the positive and negative externalities.

Or

(b) Explain the differences between private goods and public goods.

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17. (a) Enumerate the Musgrave theory of expenditure.

Or

- (b) Explain the Peacock Wiseman theory of public expenditure.

18. (a) Briefly explain the growth and composition of public debt in India.

Or

- (b) Analyse the incidence and effects of taxation.

19. (a) How would you summarize the FRBM Act?

Or

- (b) What do you mean by budget? Explain the zero base budgeting.

20. (a) Elaborate the major recommendations of the 14th and 15th finance commission.

Or

- (b) Explain the union – state financial relations.

