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(November)

ECONOMICS

(Major)

Course : 502

(Public Economics : Policy Issues)

Full Marks : 80

Pass Marks : 32

Time : 3 hours

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

1. Choose the most appropriate answer of the following : 1×8=8
- (a) Budgetary deficit does not take into account
- (i) revenue deficit
 - (ii) capital budget deficit
 - (iii) balance of payments deficit
 - (iv) interest payment on public debt

- (b) 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)
- (c) The objective of fiscal policy in developing countries is
- (i) rapid economic growth
 - (ii) price stability
 - (iii) equitable distribution
 - (iv) All of the above
- (d) Zero-base budgeting implies
- (i) giving more importance on physical targets rather than financial targets
 - (ii) spending on all programmes in re-examined and justified each year rather than following add-on every year
 - (iii) merely an evaluation of existing budget and there is nothing new in it
 - (iv) giving emphasis on centralisation of expenditure

- (e) The share of services tax in total tax revenue of Government of India is
- (i) increasing over the years
 - (ii) declining over the years
 - (iii) constant
 - (iv) the single largest
- (f) The Union Budget, 2013-14 has imposed 10% surcharge on individual and HUF where the taxable income exceeds
- (i) Rs 5 lakh
 - (ii) Rs 10 lakh
 - (iii) Rs 1 crore
 - (iv) Rs 10 crore
- (g) India's current debt to GDP ratio is
- (i) < 5%
 - (ii) 10%
 - (iii) 15%
 - (iv) 20%
- (h) As per the 13th Finance Commission Report, States' share in central taxes is
- (i) 30.5%
 - (ii) 32%
 - (iii) 37.5%
 - (iv) 39.5%

2. Write short notes on any *four* of the following (within 150 words each) : $4 \times 4 = 16$
- (a) Rationalisation of tax system in India
 - (b) Impact of public expenditure on Indian economy
 - (c) Fiscal deficit, revenue deficit and primary deficit
 - (d) Limitations of fiscal policy
 - (e) Recommendations of the 11th Finance Commission

Answer the following questions (within 500 words each) :

3. (a) Write a critical note on the structure, pattern and policies of taxation in developing countries. 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) Analyse the trend and pattern of public expenditure in India. 5+6=11

Or

- (b) Analyse how the growing size of public debt is adversely affecting Indian economy. 11

(5)

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) Discuss the main features of the Union Budget, 2013-14. Mention its limitations. 9+2=11

6. (a) "Fiscal policy plays a different role in developed and in developing economies." Elucidate. 11

Or

- (b) Write a critical note on fiscal reform measures in India in the context of New Economic Policy.

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

Or

- (b) Explain the major recommendations of the 13th Finance Commission. Mention its weaknesses. 9+2=11

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