

Total No. of Printed Pages—6

5 SEM TDC ECO M 2

2 0 1 4

(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) Arrange the following taxes in order of their importance in revenue generation :

- I. Corporate tax
- II. Service tax
- III. Income tax

Codes :

- (i) I, II, III
- (ii) I, III, II
- (iii) II, I, III
- (iv) III, I, II

(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) Which one of the following pairs is correctly matched?

(i) Fiscal deficit—Tax revenue less than government expenditure

(ii) Primary deficit—Money supply

(iii) Monetized deficit—Interest payment

(iv) None of the above

(d) The Budget 2014–15 promises to limit fiscal deficit as percentage of GDP at

(i) 3.0

(ii) 4.1

(iii) 4.4

(iv) None of the above

(e) For fiscal consolidation, the 13th Finance Commission in its suggested road map kept the ceiling of debt burden of the Union Government at

(i) 35% of GDP

(ii) 40% of GDP

(iii) 45% of GDP

(iv) 60% of GDP

(f) Zero-base budgeting implies

(i) infinite deficit financing

(ii) no provision for unproductive expenditure

(iii) no appraisal of new programmes

(iv) preparation of new budget every time

(g) As per 2014-15 budget, the income tax rate of 30% will be applicable for tax payers above the income

(i) ₹ 5.0 lakh

(ii) ₹ 7.0 lakh

(iii) ₹ 8.0 lakh

(iv) ₹ 10.0 lakh

(h) Which is true for the Finance Commission?

(i) It is a statutory body

(ii) It is constituted under the Article 280 of the Constitution

(iii) Dr. C. Rangrajan was the Chairman of the 12th Finance Commission

(iv) All of the above

2. Write short notes on the following (within 150 words each) : 4×4=16

(a) Public expenditure in India

(b) Budget as an instrument of economic policy

(c) Role of fiscal policy in India

(d) Major recommendations of the 13th Finance Commission

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 weaknesses of the Indian tax system. Discuss the measures taken by the Government of India towards rationalization of tax system. 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 magnitude of external public debt of India. Mention one advantage and one disadvantage of external debt in India. 7+4=11

5. (a) Write a critical note on the technique of budgeting. 11

Or

(b) What are the important objectives of budgetary policy in India? Explain the measures taken in the Union Budget, 2014-15 for tax reforms. 4+7=11

6. (a) Discuss the objectives of fiscal policy in developing economies and developed economies. 6+5=11

Or

- (b) State the meaning of fiscal policy. Explain a few reform measures taken in the spheres of tax, public borrowings and public expenditures in the context of India's New Economic Policy.

2+3+3+3=11

7. (a) Write a critical note on the issues related to the financial adjustment in a federal system.

11

Or

- (b) Explain the major recommendations of the 12th Finance Commission.
