

Anekant Education Society's  
**TULJARAM CHATURCHAND COLLEGE**  
**Of Arts, Science & Commerce, Baramati**

**M.A. Economics (PART-I) Semester- II**

**Questions Banks**

**Sub: EC 1002- Public Economics**

**Q.1. Objective types questions.**

1. Redemption of public debt means:  
A) Repayment of debt                      B) Repayment of FDI  
C) Additional borrowing                  D) Deficit financing
2. The burden of long-term public debt falls on:  
A) Present generation                      B) Past generation  
C) Future generation                      D) All
3. The financial year in India starts from:  
A) 1st January                              B) 31st March  
C) 1st April                                  D) 1st July
4. The fiscal deficit excluding the interest liabilities for a year is called as  
A) Revenue deficit                      B) Capital deficit  
C) Budget deficit                         D) Primary deficit
5. The FRBM Act was passed in:  
A) 1991   B) 2001      C) 2003      D) 2011
6. The balanced budget principle was advocated by:  
A) Keynesians                      B) Mercantilists  
B) C) Classical school      D) Neo-Classical school
7. The largest component of revenue expenditure in India is:  
A) Pension                      B) Interest payments  
C) Education                      D) Health
8. The Zero-based budgeting was first adopted in:  
A) India      B) France      C) Germany                      D) USA
9. Who proposed the Zero-based budgeting for the first time?  
A) David Ricardo                      B) Alfred marshall  
C) Adam Smith                         D) Peter Phyrr
10. Gender budgeting started in India with the Union budget of:  
A) 1991-92      B) 2001-02      C) 2006-07      D) 2010-11

11. Grants recommended by the Finance Commission are known as:  
 A) Plan grants    B) Conditional Grants  
 C) Statutory grants                                        D) Conditional grants
12. Which one of the following is not a method for redeeming public debt?  
 A) Sinking fund            B) Capital levy            C) Terminal annuities    D) Grants in aid
13. The Finance Commission in India is appointed by:  
 A) President    B) Prime Minister    C) Chief Minister    D) Finance Minister
14. Deficit financing may lead to:  
 A) Poverty    B) Unemployment    C) Inflation    D) Deflation
15. The chairman of the 15th Finance Commission of India is  
 A) A.M. Khusro    B) K. C. Pant    C) N.K. Singh    D) Arun Jaitley
16. Which of the following is a Statutory Body?  
 A) Finance Commission                                  B) Planning Commission  
 C) State Planning Board                                 D) None of these
17. The Indian tax system is:  
 A) Proportional    B) Progressive    C) Regressive    D) Digressive
18. In India, deficit financing is used for raising resources for:  
 A) Trade/Sale tax                                         B) economic development  
 C) redemption of public debt                         D) adjusting the balance of payments
19. The burden of direct taxes is borne by:  
 A) Rich person            B) poor person    C) on whom it is levied    D) none of these
20. The largest component of revenue expenditure in India is:  
 A) Pension    B) Interest payments    C) Education    D) Health

**Q.2. Answer in One sentence**

1. What is the Public Debt?
2. What is the crowding out effect?
3. Define burden of Public Debt?
4. Define Fiscal Policy.
5. Define Budget.
6. What is Discretionary Stabilization?
7. Define Budget Deficit.
8. Define Fiscal Federalism?
9. What is Federal Finance?
10. What is vertical imbalance?
11. Give the sources of state revenue.

12. What is the income tax?
13. Define Indirect Tax.
14. Define Zero-base budget.
15. What are the types of budget?
16. Define concept of Tax.
17. What is the non-tax revenue?
18. Give one recommendation of Kelkar committee.
19. What is FRBM Act?
20. What is the revenue of local bodies?
21. Define personal Tax.
22. Define Direct Tax.

**Q.3. Write short notes.**

1. Public Debt
2. Debt Policy
3. Debt through created money
4. Public debt Management
5. Burden of Public Debt
6. Private investment activity
7. Monetary Policy
8. Fiscal Policy
9. Automatic Fiscal Policy
10. Economic classification of Budget
11. Balance Budget Multiplier
12. Components of Budget
13. Federal Finance
14. Principles of Federal Finance
15. Constitutional Provision of NIIT Aayog
16. State Financial relations
17. GST
18. Non- Tax revenue
19. FRBM Act
20. Major tax in India
21. Fiscal reforms in India

#### **Q.4 Write a short answer questions**

1. Explain the classical view of public debt.
2. What is the burden of public debt?
3. Explain the source of public debt.
4. Explain the repayment of public debt.
5. Which is the fiscal function of government?
6. What is the crowding out effect?
7. Explain the objectives of fiscal policy.
8. Explain the stabilization of fiscal policy.
9. What are the components of budget?
10. What is the economic classification of Budget?
11. What is the balance budget multiplier?
12. What are the principles of federal finance?
13. Explain the vertical imbalance of fiscal.
14. Explain the objectives of NITI Aayog.
15. Explain sources of revenue.
16. What is the difference between Income tax and Profit tax?
17. What is the FRBM Act?
18. What is the difference between Direct and Indirect tax?
19. Explain the characteristics of GST.
20. What is the revenue of Local bodies?

#### **Q.5 Write long answers questions.**

1. Explain in details compensatory aspects of public debt.
2. Explain the principles of debt management
3. Explain the burden of public debt on Indian economy.
4. Explain the relational between public borrowing and price level.
5. Explain in details the sources of public debt.
6. Explain the interdependence of fiscal and monetary policy.
7. What is the Budget? Explain its Execution.
8. What is the different between automatic and discretionary stabilization.
9. Explain the vertical and horizontal imbalance.
10. Explain the criteria for transfer of resources from centre to state.
11. What are the functions of Finance Commission?
12. Explain in details major issues in Indian federal finance.

13. Explain constitutional provisions for finance commission and NITI Ayog.
14. Explain the centre state financial relations in India.
15. Explain the Indian tax system.
16. Explain the major taxes in India.
17. Explain in details Non-tax revenue of Centre state and local bodies.
18. Explain the state government Budget.
19. What are the major recommendations of Kelkar Committe.
20. Explain in details FRBM Act.

-----Thank you-----