

Gurudas College

Internal Assessment

Semester 6-2021

Paper: CC 13-Public Economics

1. *Answer any four questions*

1x4

- a. Public goods are
 - i. Excludable and non-rival in consumption
 - ii. Non-excludable and rival in consumption
 - iii. Non-excludable and non-rival in consumption
 - iv. None of the above

- b. . According to Musgrave the major functions of public finance are:
 - i. Allocation function
 - ii. Distributive function
 - iii. Stabilisation function
 - iv. All the above

- c. Budget is an instrument of:
 - i. Monetary policy
 - ii. Fiscal policy
 - iii. Trade policy
 - iv. Exchange rate policy

- d. Deficit financing includes
 - i. Borrowing from the Central Bank
 - ii. Issues of new currency by the Government
 - iii. Withdrawal of past accumulated cash balance by the government
 - iv. All the above

- e. Incidence of tax refers to:
 - i. Initial resting place of the burden of tax
 - ii. Final resting place of the burden of tax
 - iii. Both (i) and (ii)
 - iv. None of the above

- f. Fiscal Federalism refers to
 - i. Sharing of political power between centre and states
 - ii. Organising and implementing economic plans
 - iii. Division of economic functions and resources among different layers of Government.
 - iv. None of the above

2. *Answer any two questions*

3x2

- a. Distinguish between internal and external public debt.
- b. Give the difference between revenue deficit and budgetary deficit.
- c. What do you understand by optimal taxation?