

B.A. (Semester – V) Examination, October/November 2018
ECONOMICS

Public Finance – I (Paper – IX)

Duration : 2 Hours

Max. Marks : 80

- Instructions :** 1) *All the questions are **compulsory**, however internal choice is available.*
- 2) *Answer sub-questions in question 1 and 2 in **not more than 100 words each**.*
- 3) *Answer question 3 to 6 **each** in **not more than 400 words**.*
- 4) *Draw diagram **wherever necessary**.*
- 5) *Figures to the **right** indicate maximum marks allotted to the questions.*

1. Answer **any four** of the following questions : **(4×4=16)**

- i) State and explain any four causes of market failure.
- ii) Public Finance is positive as well as normative science. Clarify.
- iii) What are merit goods ?
- iv) Bring out any four limitations of Zero Base Budgeting.
- v) Write a brief note on incremental budgeting.
- vi) Highlight the limitations of programme budgeting.

2. Answer **any four** of the following questions : **(4×4=16)**

- i) What are build-in-stabilisers ? Describe their two limitations.
- ii) Briefly discuss the role of functional finance during deflation.
- iii) Highlight the limitations of a balanced budget in any four points.
- iv) Describe any four limitations of the FRBM Act.
- v) Discuss the sources of funds of municipalities.
- vi) Clarify the meaning of primary deficit and fiscal deficit.

3. A) Highlight the features of public and private goods. **12**

OR

B) Critically examine the principle of maximum social advantage. **12**

P.T.O.



4. A) Bring out the role of public sector during market failure. 12

OR

B) Discuss the following objectives of fiscal policy : 12

i) Mobilisation of resources.

ii) Economic development.

5. A) Discuss the various conflicts in the objectives of fiscal policy. 12

OR

B) Bring out the importance of the budget as an instrument of economic policy. 12

6. A) What is deficit financing ? Bring out its various limitations. 12

OR

B) Describe the role of Finance Commission in sharing the resources between centre and state governments. 12