



**Avinashilingam Institute for Home Science and Higher Education for Women**  
(Deemed to be University Estd. u/s 3 of UGC Act 1956, Category A by MHRD)  
Re-accredited with A++ Grade by NAAC. CGPA 3.65/4, Category I by UGC  
Coimbatore - 641 043, Tamil Nadu, India

**Continuous Internal Assessment Test II – October, 2025**  
**III SEMESTER**

**Class : II U.G**  
**Major : Economics**

**Max.Marks : 60**  
**Time : 2Hrs**

**23BECC06 – Public Finance**

**Course outcome:**

1. Understand the Meaning and importance of public finance.
2. Recognize the sources of public revenue and its allocation.
3. Comprehend the theories of public expenditure and its impact on various sectors.
4. Evaluate the pros and cons of public debt.
5. Review the budget and highlight its impact on the economy.

**Part-A**

**Choose the Correct Answer**

**6 X 1 = 6**

1. The union budget is presented by  
a) President b) Tax Consultant c) Finance Minister d) Prime Minister CO5K1
2. The main aim of Fiscal policy is  
a) Price Stability b) Employment stability c) Economic development d) All the above CO2K2
3. What is the latest modification made in the Indian tax system?  
a) Wealth tax b) GST c) VAT d) Income Tax CO3K2
4. Which of the following is a compulsory contribution?  
a) Prices b) Long term debt c) Tax d) Involuntary debt CO2K1
5. According to the classical economists, what is the primary negative effect of accumulating public debt?  
a) It leads to inflation and deflation.  
b) It diverts resources from productive private investment to government consumption.  
c) It causes currency depreciation.  
d) It requires a double burden of interest payments and amortization. CO3K2
6. A budget where there is excess of expenditure over revenue is called:  
a) Surplus b) Deficit c) Balanced d) Zero-based CO4K1

**Part – B**

**3 X 6 = 18**

**Answer the following**

**Answers should not exceed 400 words or two pages.**

- 7.a. Narrate the objectives of Finance Commission. CO1K2  
or
- 7.b. Discuss the burden of Public Debt. CO2K3
- 8.a. Classify the cannons of public expenditure. CO3K3  
or
- 8.b. Explain the classification of Public debt. CO4K2
- 9.a. Explain briefly the reasons for the growth of Public expenditure in India. CO4K4  
or
- 9.b. Bring out the major components in Budget CO5K3

**Part – C**

**3 X 12 = 36**

**Answer the following**

**Answer should not exceed 800 words or four pages**

- 10.a. State and explain Wagner's law of public expenditure. CO3K3  
or
- 10.b. Analyse the importance of Fiscal policy. CO2K4
- 11.a. Narrate the need for public borrowing. CO4K3  
or
- 11.b. Bring out the principles of Federal Finance. CO2K4
- 12.a. Enumerate Deficit financing in India. CO4K4  
or
- 12.b. Explain Wisemen Peacock Hypothesis of Public expenditure. CO3K3

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**Staff in charge : Dr. E.Shanmugha Priya**