

QP Code: D 122766	Total Pages:1	Name:
		Register No.
SECOND SEMESTER (CUFYUGP) DEGREE EXAMINATION APRIL 2025		
(ECONOMICS)		
ECO2MN101: FISCAL POLICY AND STABILISATION		
2024 Admission onwards		
Maximum Time :2 Hours		Maximum Marks :70
Section A		
All Questions can be answered. Each Question carries 3 marks(Ceiling : 24 Marks)		
1	What do you mean by functional finance?	
2	Differentiate between expansionary and contractionary fiscal policy.	
3	What are the instruments of fiscal policy?	
4	Point out any three advantages of a federal form of government.	
5	Bring out the relationship between MPC and balanced budget multiplier.	
6	Define multiplier. Differentiate between expenditure multiplier and tax multiplier.	
7	Distinguish between vertical and horizontal fiscal imbalances.	
8	Define deficit spending. Point out two advantages of deficit spending.	
9	<i>Fiscal federalism contributes to regional economic development. Do you agree?</i>	
10	How fiscal policy can be used to influence the level of savings in an economy?	
Section B		
All Questions can be answered. Each Question carries 6 marks(Ceiling : 36 Marks)		
11	Critically evaluate the effectiveness of compensatory fiscal policy in practice.	
12	Explain the mechanics of the balanced budget multiplier with the help of a numerical example.	
13	What are the major recommendations of 15 th Finance Commission?	
14	Explain the concept of 'crowding out' and its relevance to anti-inflationary fiscal policy.	
15	What are the sources of revenue of Centre and State governments in India?	
16	Define fiscal policy. Discuss the role of fiscal policy in attaining full employment.	
17	Discuss the powers and functions of Finance Commission.	
602713	What are some potential limitations of using fiscal policy to promote economic growth?	

Section C	
Answer any ONE .Each Question carries 10 marks(1x10=10 Marks)	
19	What do you mean by fiscal federalism? Discuss the criteria for sharing resources between the Centre and States. Highlight issues related with resource sharing between the Centre and States in India.
20	Define built-in stabilizers. Evaluate the importance and working of built-in stabilizers in the context of overall economic management.