QP Code: D141489	**Total Pages: 2**	**Name:**
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SECOND SEMESTER (CUFYUGP) DEGREE EXAMINATION, APRIL 2026

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	Define functional finance.
2	What do you mean by fiscal federalism?
3	What are the instruments of fiscal policy?
4	Define MPC. Bring out relationship between MPC and balanced budget multiplier.
5	Point out three advantages and disadvantages of a federal form of government.
6	What are the revenue sources of Centre and State governments in India?
7	How does fiscal policy encourage investment?
8	Point out major recommendations of 15th Finance Commission.
9	What do you mean by deficit without spending?
10	Define multiplier.

Section B

All Questions can be answered. Each Question carries 6 marks(Ceiling : 36 Marks)

11	Describe the functioning of built-in stabilizers.
12	Establish interdependence between fiscal policy and economic growth.
13	Define fiscal deficit. Examine the advantages of deficit financing.
14	Prepare a note on balanced budget multiplier.
15	Describe vertical and horizontal fiscal imbalances. Give examples
16	Explain the meaning and usefulness of anti-inflationary fiscal policy.
17	What are the powers and functions of Finance Commission?
18	Point out the objectives of fiscal policy. How does fiscal policy help in attaining full employment?

Section C	
Answer any ONE .Each Question carries 10 marks(1x10=10 Marks)	
19	Examine the provisions and criteria for allocation of revenue resources between Centre and States.
20	Define compensatory fiscal policy. Examine the effectiveness of compensatory fiscal policy.