

[Time: Three Hours]

[Marks: 100]

Please check whether you have got the right question paper.

- N.B:
1. All Questions are compulsory.
 2. All questions carry equal marks.
 3. Use of simple calculator is allowed.
 4. Draw neat diagrams wherever necessary.

Q.1 A. Explain the following concepts (ANY FIVE)

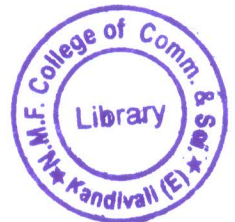
1. Allocation Function
2. Production Efficiency
3. Progressive Tax rate
4. Direct Tax
5. Canon of Sanction
6. Tax tolerance
7. Revenue Budget
8. Functional Finance

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B. Choose the right answer from the given options and rewrite the statement.

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1. Taxes are subject to increasing _____
 - a) Marginal Social Sacrifice
 - b) Marginal Social Benefit
 - c) Both a and b
 - d) None of these
2. When the size of the budget is optimum then _____
 - a) $MSS < MSB$
 - b) $MSS > MSB$
 - c) $MSS = MSB$
 - d) None of these
3. Direct taxes are _____
 - a) Unproductive
 - b) Elastic
 - c) Contributed by all
 - d) All of these
4. Special levy means _____
 - a) Tax on all people
 - b) Charges for specific benefits
 - c) Gift tax
 - d) None of these
5. GST has replaced a variety of _____
 - a) Direct Taxes
 - b) Indirect Taxes
 - c) Fees
 - d) Fines
6. Public expenditure should be incurred to reduce _____
 - a) Production
 - b) Employment
 - c) Income inequality
 - d) Deficit Financing
7. Jack Wiseman and Alan T. Peacock carried out study on _____
 - a) Public borrowing
 - b) Taxation
 - c) Public expenditure
 - d) Deficit Financing
8. Sound Finance follow _____
 - a) Balanced Budget
 - b) Unbalanced Budget
 - c) Unified Budget
 - d) Multiple Budget
9. The key issue of Fiscal Federalism is _____
 - a) Only Revenue assignment
 - b) Revenue and expenditure assignment
 - c) Only expenditure assignment
 - d) None of these
10. Primary deficit is Fiscal Deficit less _____
 - a) Interest Receipts
 - b) Interest payments
 - c) Subsidies
 - d) Defence expenditure



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Q.2 Answer any TWO of the following:

- a. Define Public Finance and its scope.
- b. Explain the principle of Maximum Social Advantage as stated by Hugh Dalton, with assumptions and diagrams
- c. Examine the role of government in correcting market failure.

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Q.3 Answer any TWO of the following:

- a. Explain the sources of Public Revenue
- b. Explain the process of tax shifting and incidence of tax with reference to elasticities of demand and supply.
- c. What are economic effects of taxation?

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Q.4 Answer any TWO of the following:

- a. Explain different classification of public expenditure.
- b. Explain the social security programmes.
- c. Explain the burden of Public debt.

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Q.5 Answer any TWO of the following:

- a. Explain the types of deficits in the budget.
- b. Explain the features of Sound Finance.
- c. What are the basic characteristics of FRBM Act 2003?

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