

Time:3 hrs.

- Note:**
1. All questions are compulsory with internal options.
  2. Figures to the right indicate full marks.
  3. Draw neat diagram wherever necessary.

**Q. 1 (A) Choose the correct alternative from the given options**

(10)

- (1) Which of the following is not the social insurance programme?
  - A) Sukanya Samriddhi Yojana
  - B) National Saving Certificate
  - C) Prime Minister Jeevan Jyoti Bima Yojana
  - D) Rajiv Gandhi Suraksha Bima Yojna
- (2) Deficit financing is resorted to when –
  - A) Public expenditure > Public Revenue
  - B) Public expenditure < Public Revenue
  - C) Public expenditure = Public Revenue
  - D) Capital expenditure > Capital Revenue
- (3) Which of the following deficit is a more comprehensive measure of budgetary imbalances?
  - A) Revenue deficit
  - B) Budgetary deficit
  - C) Fiscal deficit
  - D) Primary deficit
- (4) A dead weight debt is-
  - A. Self-liquidating
  - B. Unproductive
  - C. Increases productive efficiency
  - D. Not burdensome to the economy
- (5) After war, people's tax tolerance level –
  - A) Reduces
  - B) Remains the same
  - C) Becomes zero
  - D) Increases
- (6) Which is indirect tax?
  - A) Corporate income tax
  - B) Capital gains tax
  - C) Customs duty
  - D) Gift tax
- (7) Total surplus =
  - A) Value to buyers - Cost to sellers
  - B) Value to sellers - Cost to buyers
  - C) Value to bankers - Cost to sellers
  - D) Value to buyers - Cost to investors
- (8) The origin of the term functional finance is attributed to –
  - A) JM Keynes
  - B) AC Pigou
  - C) AB Lerner
  - D) Richard Musgrave

(9) What is the appropriate budget policy during recession?

- A) Balanced budget
- B) Neutral budget
- C) Surplus budget
- D) Deficit budget

(10) According to Say's Law -

- A) Budget deficits do not stimulate the economy
- B) Supply creates its own demand
- C) The government shall maintain a reasonable level of demand for all times
- D) The capitalist system will collapse due to inherent crisis

**Q.1 (B) Explain the following concepts (Any 5) in not more than 30 words. (10)**

- (1) Marginal social benefit
- (2) Public goods
- (3) Direct tax
- (4) Proportional tax
- (5) Unproductive debt
- (6) Displacement effect
- (7) Balanced budget
- (8) Fiscal deficit

**Q.2 Answer the following (any 2) (20)**

- (a) Explain the scope and functions of public finance.
- (b) Explain the Dalton's principle of maximum social advantage.
- (c) How will the government help in solving the problem of market failure?

**Q.3 Answer the following (any 2) (20)**

- (a) What are the sources of public revenue?
- (b) Elaborate on the effects of taxation.
- (c) Compare the impact, incidence and shifting of tax.

**Q.4 Answer the following (any 2) (20)**

- (a) Show the classification of public expenditure.
- (b) What are the causes of growth of public expenditure?
- (c) Bring out the significance of public expenditure

**Q.5 Answer the following (any 2) (20)**

- (a) Explain the principle of functional finance.
- (b) Explain the objectives of public budget.
- (c) Explain the principle of sound finance.

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