

Time: 3 hrs.

Marks:100

- Note:**
1. All questions are compulsory with internal options.
  2. Figures to the right indicate full marks.
  3. Workings should form a part of your answer paper.
- 

**Q.1 (A) Explain the following concepts: (Any Five) (10)**

- a) Public finance
- b) Public goods
- c) Regressive tax
- d) Indirect tax
- e) Displacement effect
- f) Wiseman Peacock hypothesis
- g) Fiscal federalism
- h) Balanced budget

**Q.1 (B) Choose the right answer from the given options and rewrite the statement: (10)**

- a) Public finance is \_\_\_\_\_.
  - (A) social science
  - (B) fiscal science
  - (C) political science
  - (D) pure science
- b) In economics, a difference in access to relevant knowledge is called \_\_\_\_\_.
  - (A) an information gap
  - (B) a frontier gap
  - (C) information asymmetry
  - (D) access imperfection
- c) Public debt includes \_\_\_\_\_.
  - (A) currency and money deposits
  - (B) external loans and foreign securities
  - (C) external loans incurred by IMF
  - (D) external loans incurred by the bank
- d) Social security schemes cover \_\_\_\_\_.
  - (A) pension and health insurance
  - (B) disability benefits
  - (C) medical benefits
  - (D) all of the above
- e) 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

- g) After war, people's tax tolerance level \_\_\_\_\_
- A) Reduces
  - B) Remains the same
  - C) Becomes zero
  - D) Increases
- h) Which of the following deficit is a more comprehensive measure of budgetary imbalance
- A. Revenue deficit
  - B. Budgetary deficit
  - C. Fiscal deficit
  - D. Primary deficit
- i) Fiscal deficit equals to \_\_\_\_\_
- (A) Total expenditure - Total receipts
  - (B) Total expenditure - (Revenue receipts + Non-borrowing capital receipt)
  - (C) Total expenditure - Revenue receipts
  - (D) Total expenditure - Capital receipts
- j) What is the appropriate budget policy during recession?
- (A) Balanced budget
  - (B) Neutral budget
  - (C) Surplus budget
  - (D) Deficit budget

**Q.2 Answer any two of the following: (20)**

- (A): Explain the scope and functions of public finance.
- (B): Explain Musgrave's principle of maximum social welfare.
- (C): What are the causes of market failure? Explain.

**Q.3 Answer any two of the following: (20)**

- (A): What are the sources of public revenue?
- (B): Discuss the canons of taxation.
- (C): Elaborate on the effects of taxation.

**Q.4 Answer any two of the following: (20)**

- (A): Bring out the significance of public expenditure.
- (B): What are the causes of growth of public expenditure?
- (C): What is the burden of public debt?

**Q.5 Answer any two of the following (20)**

- (A): What are the constituents of fiscal policy?
- (B): Explain the principle of sound finance.
- (C): Explain the objectives of public budget