

Time: 3 hrs.

Marks:100

- Note:
4. All questions are compulsory with internal options.
 5. Figures to the right indicate full marks.
 6. Workings should form a part of your answer paper.
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Q.1 (A) Explain the following concepts: (Any Five) (10)

1. Marginal Social Benefit
2. Public goods
3. Direct tax
4. Proportional tax
5. Displacement effect
6. Welfare state
7. Unproductive debt
8. Unbalanced budget

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

1. Taxation is anti-inflationary if tax is imposed on _____.
 - A) essential items
 - B) luxuries
 - C) investment
 - D) comfort goods

2. 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

3. 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

4. As per 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

5. Which is indirect tax?
 - (A) Corporate income tax
 - (B) Capital gains tax
 - (C) Customs duty
 - (D) Gift tax

6. After war, people's tax tolerance _____.
- A) Reduces
 - B) Remains the same
 - C) Becomes zero
 - D) Increases
7. What is the appropriate budget policy during recession?
- (A) Balanced budget
 - (B) Neutral budget
 - (C) Surplus budget
 - (D) Deficit budget
8. A dead weight debt is _____.
- (A) self-liquidating
 - (B) unproductive
 - (C) increases productive efficiency
 - (D) not burdensome to the economy
9. Deficit financing is resorted when _____.
- (A) Public expenditure > Public Revenue
 - (B) Public expenditure < Public Revenue
 - (C) Public expenditure = Public Revenue
 - (D) Capital expenditure > Capital Revenue
10. FRBM stands for _____
- (A) Financial responsibility and budget management
 - (B) Fiscal revenue and budget management
 - (C) Financial revenue and budget management
 - (D) Fiscal responsibility and budget management.

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

- (A): Explain the scope and functions of public finance.
- (B): What are the causes of market failure? Explain.
- (C): How will the government help in solving the problem of market failure?

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

- (A): What are the sources of public revenue?
- (B): Discuss the canons of taxation.
- (C): Compare the impact, incidence and shifting of tax.

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

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

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

- (A): Enumerate the objectives of fiscal policy.
- (B): Explain the principles of sound finance
- (C): Explain the objectives of public budget.