

[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)

(10)

- i) Distribution function
- ii) Economic efficiency
- iii) Tax base
- iv) Progressive tax rate
- v) Redeemable debt
- vi) Fiscal solvency
- vii) Unbalanced budget
- viii) Fiscal deficit

B) Choose the right answer from the given options and rewrite the statements:

(10)

- i) Public finance is a \_\_\_\_\_.  
a) social science b) fiscal science c) political science d) none of these
- ii) Production possibility curve is illustrated to explain \_\_\_\_\_.  
a) economic efficiency b) government role c) government policy d) all of these
- iii) Tax is a \_\_\_\_\_.  
a) compulsory payment b) optional payment c) political phenomenon d) all of these
- iv) Special assessment also means \_\_\_\_\_.  
a) tax revenue b) betterment levy c) VAT d) fines
- v) If the tax rate declines with an increase in tax base it is called \_\_\_\_\_.  
a) proportional tax rate b) regressive tax rate c) progressive tax rate d) degressive tax rate
- vi) Government expenditure on interest payment is an example of \_\_\_\_\_.  
a) productive expenditure b) capital expenditure c) unproductive expenditure d) security expenditure
- vii) The 'Law of increasing state expenditure' was put forward by \_\_\_\_\_.  
a) Hugh Dalton b) Adolph Wagner c) Jack Wiseman d) Alan Peacock
- viii) Social security schemes cover \_\_\_\_\_.  
a) pension and health insurance b) disability benefits c) medical benefits d) all of these
- ix) Primary deficit is fiscal deficit less \_\_\_\_\_.  
a) interest payments b) interest receipts c) debt repayment d) none of these
- x) The 14<sup>th</sup> finance commission was set up under the chairmanship of \_\_\_\_\_.  
a) Pranab Mukherjee b) Rajiv Kumar c) Arvind Panagariya d) Dr. Y.V.Reddy

Q. 2 Answer any Two of the following:

(20)

- a) Discuss the meaning and scope of public finance.
- b) Explain Dalton's Principle of Maximum Social Advantage.
- c) Examine the features of public goods and state the role of the government in providing them.



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**Q. 3 Answer any Two of the following:**

(20)

- Explain the various canons of taxation.
- Examine the process of shifting and incidence of tax with respect to elasticities of demand and supply.
- Analyse the economic effects of taxation.

**Q. 4 Answer any Two of the following:**

(20)

- Explain the classification of public expenditure.
- Trace the causes of growth in public expenditure.
- Examine the burden of public debt.

**Q. 5 Answer any Two of the following:**

(20)

- Examine the features of functional finance.
- Explain the different types of budget.
- Outline the key issues in fiscal federalism and decentralization.

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