

Amit

- N.B. : (1) All questions are compulsory.
(2) Figures to the right indicate full marks.
(3) Draw neat diagrams wherever necessary.

1. Attempt any two of the following :— 15
 - (a) Explain the meaning and scope of public finance.
 - (b) Discuss Musgrave's Maximum Welfare Principle of Budget Determination.
 - (c) Outline the features of sound finance.
2. Attempt any two of the following :— 15
 - (a) Explain the various sources of tax and non-tax revenue of the government.
 - (b) Examine the merits and demerits of direct taxes.
 - (c) Discuss the factors affecting shifting of a tax.
3. Attempt any two of the following :— 15
 - (a) Discuss the classification of public expenditure.
 - (b) Explain the various methods of managing public debts.
 - (c) Discuss the limitations of FRBM Act, 2003.
4. Attempt any two of the following :— 15
 - (a) Explain the organised sector of Indian money market.
 - (b) Describe the money market reforms in India since 1991.
 - (c) Explain the significance of capital market in economic development.
5. (A) State with reasons, whether the following statements are true or false :— (any four) 8
 - (i) The Marginal Social Sacrifice (MSS) curve is upward sloping from left to right. T
 - (ii) After the great depression, the extent of state activities has decreased. F
 - (iii) Fees and penalties are administrative non-tax revenue to the government. T
 - (iv) Indirect taxes on necessities are regressive in nature. T
 - (v) External debts do not have direct money burden. F
 - (vi) Fiscal deficit is the difference between total revenue and total expenditure. F
 - (vii) There exist multiple interest rates in Indian money market. T
 - (viii) Capital market comes under the purview of SEBI. T

(B) Choose the correct answer and rewrite the statements :— (any seven) 7

 - (i) According to Musgrave, the major function of public finance is _____.
 - (a) Allocative function
 - (b) Distributive function
 - (c) Stabilization function
 - (d) All the above

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- (ii) Marginal Social Benefit (MSB) is based on the principle of _____.
 (a) Increasing marginal utility (b) Equi-marginal utility
 (c) Diminishing marginal utility (d) None of the above
- (iii) The concept of functional finance is attributed to _____.
 (a) David Ricardo (b) Adam Smith
 (c) J. B. Say (d) A. P. Lerner
- (iv) _____ is not an example of tax revenue.
 (a) Income tax (b) Customs duty
 (c) VAT (d) Special assessment
- (v) Transfer payments do not include _____.
 (a) Old age pension (b) Defence expenditure
 (c) Interest payments (d) Subsidies
- (vi) Impact of a tax refers to _____.
 (a) Final money burden (b) Immediate money burden
 (c) Indirect money burden (d) None of the above
- (vii) Government expenditure on interest payments is an example of _____.
 (a) Non-transfer expenditure
 (b) Capital expenditure
 (c) Non-developmental expenditure
 (d) Productive expenditure
- (viii) Internal debts can be raised through _____.
 (a) RBI (b) WTO
 (c) IMF (d) GDRs
- (ix) When total revenue equals total expenditure, the budget shows _____.
 (a) Balance (b) Deficit
 (c) Surplus (d) None of the above
- (x) Which of the following is not a component of unorganised money market?
 (a) Loan companies (b) Money Lenders
 (c) Call money market (d) Chit funds
- (xi) Certificate of Deposits (CDs) are issued by _____.
 (a) Commercial banks (b) Foreign banks
 (c) Regional Rural Banks (d) Local banks
- (xii) Gilt-edged securities refer to _____.
 (a) Bonds
 (b) Securities issued by municipal corporation
 (c) Industrial issues
 (d) Government securities.

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