

Please check whether you have got the right question paper.

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

- Q.1** Attempt any two of the following: 15
- A) Explain the nature and scope of public finance.
  - B) Explain Musgrave's principle of maximum social advantage.
  - C) Explain the concept of functional finance. How is it different from sound finance?
- Q.2** Attempt any two of the following: 15
- A) Explain the different sources of non-tax revenue.
  - B) Discuss the relative merits and demerits of direct taxes.
  - C) Explain the concepts of impact, incidence, and shifting of a tax.
- Q.3** Attempt any two of the following: 15
- A) Explain the classification of public expenditure.
  - B) Explain the main features of FRBM Act 2003.
  - C) Explain the different types of budget used in public finance.
- Q.4** Attempt any two of the following: 15
- A) Discuss the various money market reforms introduced in India since 1991.
  - B) Examine the role of capital market in economic development
  - C) Explain the role of SEBI in the development of Indian capital market.
- Q.5** A) State whether the following statements are true or false. Give reasons (any four). 08
1. Marginal social sacrifice increases with taxes.
  2. Taxation should reduce inequalities of income and wealth.
  3. Indirect taxes are inflationary.
  4. Public expenditure increases with national income.
  5. Public debt causes transfer of wealth.
  6. The finance commission is responsible for devolution of resources.
  7. Indian money market is segmented.
  8. Stock market deals with secondary instruments.
- B) Choose the correct answer (any seven)
1. Public finance deals with the following:
    - a) Only central government
    - b) Only state government
    - c) Only local governments
    - d) Governments at all levels
  2. Who introduced the term 'functional finance'?
    - a) A.C. Pigou
    - b) J.M.Keynes
    - c) A.P.Lerner
    - d) Hugh Dalton



3. Which of the following is true about taxation?
  - a) Taxation influences the level of income
  - b) Taxation causes transfer of income
  - c) Taxation influences price level
  - d) All of the above
  
4. Which of the following is an indirect tax?
  - a) Corporate income tax
  - b) Wealth tax
  - c) Customs duties
  - d) None of the above
  
5. Which of the following is an indirect tax?
  - a) Customs duty
  - b) Excise duty
  - c) Sales tax
  - d) All of the above
  
6. On whom shall be the incidence of a tax under perfect competition?
  - a) Partially on the seller
  - b) Partially on the buyer
  - c) Entirely on the seller
  - d) Entirely on the buyer
  
7. Which of the following is a measure of fiscal health?
  - a) Revenue deficit
  - b) Fiscal deficit
  - c) Primary deficit
  - d) Budgetary deficit
  
8. Which of the following is self-liquidating?
  - a) Funded debt
  - b) Productive debt
  - c) Irredeemable debt
  - d) Unproductive debt
  
9. What makes the external debt more burdensome?
  - a) Higher interest
  - b) Shorter duration
  - c) Transfer of income to other countries
  - d) All of the above
  
10. Which of the following are the main participants in the call money market?
  - a) Government
  - b) Commercial banks
  - c) Co-operative banks
  - d) None of the above



11. Which of the money market instruments are issued by the commercial banks?
- a) Commercial paper
  - b) Treasury bills
  - c) Certificates of deposits
  - d) Commercial bills
12. Which is the instrument used by the Reserve Bank to absorb liquidity?
- a) Repo
  - b) Reverse repo
  - c) Marginal standing facility
  - d) None of the above

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