

## S.Y.B.Com - Business Economics - Sem - IV

1. Which of the following is not within the scope of public finance?
  - a. Public revenue
  - b. Monetary management
  - c. Public expenditure
  - d. Financial administration
  
2. A \_\_\_\_\_ budget should be followed during depression.
  - a. Deficit
  - b. Surplus
  - c. Balanced
  - d. Neutral
  
3. The term functional finance was introduced by
  - a. J. M. Keynes
  - b. Richard Musgrave
  - c. Hugh Dalton
  - d. A. P. Lerner
  
4. It is difficult to assess the outcome of financial activities of the government because
  - a. Social benefits and costs are subjective in nature
  - b. The budgetary activities are not open to scrutiny
  - c. Budgets may be surplus or deficit
  - d. All the above
  
5. Classical economist advocated the government to involve in
  - a. All the activities of the economy
  - b. Only in most essential activities
  - c. Selective economic and political activities
  - d. None of the above
  
6. The economist associated with the principle of Maximum Social Advantage is
  - a. Seligman
  - b. Samuelson
  - c. Dalton
  - d. Sweezy

7. Maximum Social advantage is achieved when
- Marginal Social Sacrifice = Marginal social Benefit
  - Total Social Sacrifice = Total social Benefit
  - Average Social Sacrifice = Average social Benefit
  - Net social Sacrifice = Net social Benefit

8. Which of the following is not an assumption of the principle of MSA?
- All taxes result in sacrifice
  - All public expenditures lead to benefits
  - Public revenue consists only of taxes
  - The budget may be surplus or deficit

9. Public expenditure is subject to
- Diminishing marginal social benefit
  - Increasing marginal social benefit
  - Diminishing marginal social sacrifice
  - Increasing marginal social sacrifice

10. When the size of the budget is less than optimum, then
- $MSS < MSB$
  - $MSS > MSB$
  - $MSS = MSB$
  - NMB is zero

11. MSB declines with every additional unit of money spent by the government due to
- Diminishing marginal returns
  - Diminishing marginal utility
  - Diminishing marginal productivity
  - All the above

12. The Maximum Welfare Principle of Budget Determination is associated with
- Hugh Dalton
  - Paul Samuelson
  - Edwin Seligman
  - Richard Musgrave

13. Market failure results when it fails to

- a. Earn supernormal profit
- b. Equal distribution income
- c. Achieve pareto optimality
- d. None of the above

14. Productive efficiency is obtained when production is

- a. On PPC
- b. Inside PPC
- c. Outside PPC
- d. None of these

15. The term market failure refers to

- a. A market that fails to allocate resources efficiently
- b. An unsuccessful product
- c. Cut throat competition among firms
- d. A firm that is forced out of business because of losses

16. Productive efficiency occurs when

- a. Average cost is declining
- b. Marginal cost is negative
- c. Maximum number of goods is produced with given amount of inputs
- d. None of the above

17. Which of the following is not a feature of public goods ?

- a. Non - rival in consumption
- b. Non - excludability
- c. Free - rider problem
- d. Consumers voluntarily pay for such goods

18. 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

19. When asymmetric information affects a relationship between two parties, it is always the case that

- a. Neither party is well informed
- b. One party is better informed than the other party
- c. Both parties are equally well informed
- d. The government is better informed than either of the two parties

20. \_\_\_\_\_ is a concept in economic theory which describes the allocation of goods and services by a free market is not efficient.

- a. Market failure
- b. PPC
- c. Allocative efficiency
- d. Public goods

21. The \_\_\_\_\_ involves production of goods and services by using non-optimal combination of inputs.

- a. Productive efficiency
- b. Productive inefficiency
- c. Allocative efficiency
- d. Allocative inefficiency

22. The points inside the PPC are inefficient because we could produce more goods and services with no \_\_\_\_\_

- a. Opportunity cost
- b. Additional cost
- c. Cost of the economy
- d. None of the above

23. \_\_\_\_\_ goods are characterised by two important features, i.e. non-rival in consumption and non-excludability.

- a. Public goods
- b. Private goods
- c. Merit goods
- d. Agricultural goods

24. Public finance is the:

- a. Social Science
- b. Political Science
- c. Fiscal Science
- d. Government Science

25. Traditional public finance has \_\_\_\_\_

- a. Narrow Scope
- b. Wider Scope
- c. Both (a) and (b)
- d. None of the above

26. \_\_\_\_\_ is the study of the role of the government in the economy.

- a. Public revenue
- b. Public expenditure
- c. Public finance
- d. None of the above

27. Public finance includes \_\_\_\_\_

- a. Public revenue
- b. Public expenditure
- c. Public debt
- d. All of the above

28. Public finance deals with which of the following aspect of government?

- a. Social
- b. Human
- c. Political
- d. Financial

29. According to Musgrave, the major function of public finance is \_\_\_\_\_

- a. Allocation function
- b. Distribution function
- c. Stabilisation function
- d. All of the above

30. \_\_\_\_\_ is concerned with the division of income and wealth among its people in a society.

- a. Allocation function
- b. Growth function
- c. Stabilisation function
- d. Distribution function

31. \_\_\_\_\_ is also known as compensatory finance.

- a. Allocation function
- b. Stabilisation function
- c. Growth function
- d. Distribution function

32. \_\_\_\_\_ brought about the change in the scope of public finance.

- a. World war I
- b. World war II
- c. US crisis of 2008
- d. Great depression of 1930

33. Social advantage is maximum when:

- a. Total social sacrifice are equal to total social sacrifice
- b. Total social benefits equal to marginal social sacrifice
- c. Marginal social benefits equals to marginal social sacrifice
- d. Marginal social benefits minus marginal social sacrifice

34. The principle of maximum social advantage is associated with :

- a. Micro Economics
- b. Fiscal Economics
- c. Macro Economics
- d. Environmental Economics

35. The principle of maximum social advantage is associated with:

- a. Dalton
- b. Hicks
- c. Pigou
- d. Keynes

36. Who has used the term the maximum welfare instead of maximum social advantage

- a. Prof. Dalton
- b. Prof. Keynes
- c. Prof. Musgrave
- d. Prof. Hicks

37. The maximum social net advantage is achieved when the marginal social sacrifice of taxation and marginal social benefit of public expenditure are \_\_\_\_\_

- a. Greater
- b. Equate
- c. Lesser
- d. None of these

38. \_\_\_\_\_ version came to known as the maximum welfare principle of budget determination

- a. Huge Dalton
- b. Pigou
- c. Richard Musgrave
- d. Keynes

39. Public expenditure is subject to diminishing \_\_\_\_\_

- a. Marginal social sacrifice
- b. Marginal social benefit
- c. Both a and b
- d. None of these

40. Taxes are subject to increasing \_\_\_\_\_

- a. Marginal social sacrifice
- b. . Marginal social benefit
- c. Both a and b
- d. None of these

41. Tests of Maximum social advantage have been suggested by \_\_\_\_\_

- a. Pigou
- b. Dalton
- c. Musgrave
- d. Adam smith

42. On which point is the maximum social advantage

- a. When social sacrifice and social utility both are equal
- b. When social utility exceed social sacrifice
- c. When social sacrifice exceed social utility
- d. None of these

43. Marginal social benefit is based on the principle of \_\_\_\_

- a. Increasing marginal utility
- b. Diminishing marginal utility
- c. Equi-marginal utility
- d. None of the above

44. According to the Principle of Maximum Social Advantage , Public expenditure is subject\_\_\_\_\_

- a. Diminishing marginal returns
- b. Diminishing marginal productivity
- c. Diminishing marginal utility
- d. Increasing marginal utility

45. PPP - curve is illustrated to explain

- a. Economic efficiency
- b. Government role
- c. Government policy
- d. All of the above

46. Public goods are \_\_\_\_\_ in consumption

- a. Exclusionary
- b. Non-exclusionary
- c. Rivalry
- d. None of the above

47. Which of these are the features of public goods:

- a. Non-rivalry
- b. Non-rejectable
- c. Non-excludability
- d. All of these

48. The role of the government in providing public goods

- a. To improve the quality of goods
- b. To safeguard the interest of the consumer
- c. To prevent wasteful competition
- d. All of these

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49. Public goods are
- a. Rivalry and excludability
  - b. Non-rivalry and non-excludability
  - c. Non-rivalry and excludability
  - d. Rivalry and non-excludability

50. The major causes of market failures are:
- a. Public goods
  - b. Natural monopoly
  - c. Externalities
  - d. All of the above

51. Public goods are the one that provides \_\_\_\_ benefit of all the individuals in society:
- a. Non-rival
  - b. Non-excludable
  - c. Both (a) and (b)
  - d. None of the above

52. Externalities are also called:
- a. Spillover effect
  - b. Neighbourhood effect
  - c. Third-party effect
  - d. All of the above

53. The failure in market mechanism arise due to \_\_\_\_\_
- a. Economic inequalities
  - b. Economic instability
  - c. Rise of monopolies
  - d. All of the above

54. The measure by which the government intervene into the working of the market mechanism \_\_\_\_\_
- a. Fiscal measures
  - b. Economic planning
  - c. Both (a) and (b)
  - d. None of the above

55. Production possibility curve is also referred as \_\_\_\_

- a. Production – possibility frontier
- b. Consumer curve
- c. Producer curve
- d. None of the above

56. Which of the following options is not an example of market failure?

- a. Failure of a firm to maximize its profit
- b. Failure to produce public goods
- c. Failure to account for externalities
- d. None of these

57. Fiscal policy does not directly deal with

- a. Taxation
- b. Public debt
- c. Money supply
- d. Public expenditure s

58. Aggregate demand is comprised of

- a. Consumption expenditure
- b. Investment expenditure
- c. Government purchases
- d. All the above

59. Disposable income is

- a. Income before tax
- b. Income before transfer payments are added
- c. Gross income of firms
- d. Income of households after deduction of direct taxes and addition of transfer payments

60. Which of the following is not a characteristic of a tax?

- a. Has quid-pro-quo
- b. Is a compulsory payment
- c. Is not imposed on penalty
- d. Involves sacrifice on part of the payer

61. Which of the following does not form the basis of sound finance?

- a. Say's law
- b. Assumption of full employment
- c. Ricardian Equivalence theorem
- d. Unbalanced budget

62. According to 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 at all times.
- d. The capitalist system will collapse due to inherent crisis

63. Which of the following is not the characteristic of a tax?

- a. Compulsory payment
- b. There is quid-pro-quo
- c. Involves some sacrifice
- d. None of the above

64. Which of the following is not a non-tax revenue ?

- a. Fees
- b. Penalties
- c. Custom duty
- d. Borrowings

65. Which of the following is not a canon of taxation?

- a. Canon equity
- b. Canon of certainty
- c. Canon of benefit
- d. Canon of elasticity

66. Which of the following is the tax rates?

- a. Proportional taxation
- b. Progressive taxation
- c. Regressive taxation
- d. All of the above

67. Incidence of tax refers to which of the following?

- a. Final money burden of a tax
- b. Initial money burden of a tax
- c. Indirect money burden
- d. Real burden of tax

68. In the case of perfectly elastic demand the money burden of tax is

- a. Entirely on the seller
- b. Partially on the seller
- c. Entirely on the buyer
- d. Shifted partially to the buyers

69. In the case of perfectly inelastic demand, the money burden is

- a. Entirely on the seller
- b. Fully borne by the buyer
- c. Shifted partially to the buyers
- d. None of the above

70. In the case of perfectly elastic supply the incidence of tax is

- a. Entirely on the buyer
- b. Shifted partially to the buyers
- c. Borne fully by the buyer
- d. None of the above

71. When the supply is more elastic the burden of tax is

- a. More on the buyers
- b. More on the sellers
- c. Borne fully by the buyers
- d. Borne fully by the sellers

72. Under constant cost condition, the burden tax is

- a. Shifted fully to the buyers
- b. Borne fully by the buyers
- c. Shifted partially to the buyers
- d. More than the amount of tax

73. Under monopoly the incidence of lumpsum tax is

- a. On the sellers
- b. On the buyers
- c. Partially on the sellers
- d. Partially on the buyers

74. Steep tax rate will reduce the willingness to

- a. Work
- b. Invest
- c. Both the above
- d. None of the above

75. Increase in tax will

- a. Divert the investment
- b. Reduce the investment to the zero
- c. Increase the investment
- d. None of the above

76. Tax on rich and luxury good will

- a. Increase the investment
- b. Check inflation
- c. Check deflation
- d. None of the above

77. Which of the following is the characteristic of a direct tax

- a. The impact and incidence are on the same person
- b. Incidence may be shifted
- c. Greater burden on the poor than the rich
- d. Major source of revenue in the developing country

78. Which of the followings is not the part of administrative revenue?

- a. Fees
- b. Special assessment
- c. Fines and penalties
- d. Surpluses of public enterprises

79. \_\_\_\_\_ is not the characteristic of a tax

- a. Compulsory payment
- b. Levied on commodity or income
- c. Involves sacrifice
- d. Quid-pro-quo

80. \_\_\_\_\_ is an example of administrative non tax revenue

- a. Grants
- b. Fees
- c. Gifts
- d. Profits from public enterprises

81. \_\_\_\_\_ are the form of commercial non tax revenue

- a. Fees
- b. Grants
- c. Fines
- d. Profits and public enterprises

82. Special assessment is also known as

- a. VAT
- b. Betterment levy
- c. Tax revenue
- d. None of the above

83. Public revenue implies

- a. Tax com non-tax revenue
- b. Dilation
- c. Election expenses
- d. None of the above

84. A tax is a

- a. Compulsory contribution of the citizen who are liable
- b. Optional
- c. Political phenomenon
- d. None of the above

85. Special assessment means

- a. General tax on all people
- b. A tax for specific benefit conferred
- c. Gift tax

d. None of these

86. Which of the following is not the characteristic of a tax?

a. It is a compulsory payment

b. It involves sacrifice

c. It has quid-pro-quo

d. It is legal

87. Indirect taxes are levied on which of the following aspects of a commodity

a. Production

b. Movement of goods

c. Sales

d. All of the above

88. Indirect taxes have \_\_\_\_\_ effect on the society

a. Progressive

b. Regressive

c. Proportional

d. Equitable

89. Taxes on luxuries are

a. Progressive in effect

b. On film producers

c. Regressive in effect

d. None of the above

90. Direct taxes are \_\_\_\_\_

a. Wasteful

b. Elastic

c. On every body

d. None of the above

91. Which is the nature of income tax in India?

a. Proportional

b. Progressive

c. Regressive

d. None of the above

92. Direct taxation is better from of taxation because \_\_\_\_\_

- a. It fetches more revenue
- b. It can be more easily collected
- c. It allows for taxation according to means
- d. It has greater tax compliance

93. With a regressive tax, an income \_\_\_\_\_

- a. Increase, the tax rate remains the same
- b. Decreases, the tax rate decreases
- c. Increases, the tax rate increases
- d. Increases, the tax rate decreases

94. If the rate of tax falls with an increase in income, it is called

- a. Proportional tax
- b. Progressive tax
- c. Regressive tax
- d. None of these

95. Cost push inflation results from

- a. Direct taxes
- b. Indirect taxes
- c. Incomes taxes
- d. Wealth taxes

96. Incidence of tax refers to \_\_\_\_\_

- a. Immediate money burden
- b. Indirect real burden
- c. Immediate real burden
- d. Final money burden

97. Impact of tax refers to \_\_\_\_\_

- a. Final money burden
- b. Indirect money burden
- c. Immediate real burden
- d. Immediate money burden

98. Ultimate burden of tax is known as \_\_\_\_\_

- a. Impact
- b. Incidence
- c. Shifting of tax



d. None of the above

99. In the case of direct tax, impact and incidence are on

a. Same person

b. Different person

c. sellers

d. none of these

100. Incidence of tax refers to

a. Initial resting place of the burden of tax

b. Final resting place of the burden of tax

c. Both a. and b.

d. None of these

101. Shifting refers to

a. Avoiding of tax

b. Imposing tax

c. Shifting tax burden from one person to another

d. None of these

102. Impact of a tax refers to

a. Final money burden

b. Immediate money burden

c. Immediate real burden

d. None of the above

103. Which of the following statements is considered by classical economists

a. All taxes are inflationary

b. All taxes are anti-inflationary

c. All expenditures are anti-inflationary

d. None of these

104. In perfectly demand the entire burden of tax is on

a. Buyer

b. Seller

c. Both a. and b.

d. None of these

105. In unitary elastic demand and supply the burden of tax is/are on

- a. Seller
- b. Buyer
- c. Both a. and b.
- d. None of these

106. Which of the following canons of public expenditure is very difficult to implement in developing countries?

- a. Canon of elasticity
- b. Canon of sanction
- c. Canon of surplus
- d. Canon of productivity

107. Which of the following type of public expenditure is characterized by quid-pro-quo?

- a. Grand
- b. Subsidy
- c. Interest
- d. purchase prices

108. which of the following is not characteristic of capital expenditure?

- a. Is in the form of consumption
- b. Gives right to capital assets
- c. Usually funded to public debt
- d. Is in the form of investment

109. Public expenditure on education and health will have a \_\_\_\_\_ effect on peoples ability to work

- a. Negative
- b. Neutral
- c. Positive
- d. Stagnating

110. During recession,

- a. Public expenditure should be increased
- b. Public expenditure should be reduced
- c. Taxation should be increased
- d. Public debt should be incurred

111. The law of increasing public activity was developed by
- Richard Musgrave
  - Hugh Dalton
  - Adolf Wagner
  - Alan T Peacock
112. According to Wiseman peacock Hypothesis, public expenditure increases in
- Step like manner
  - A smooth and continuous manner
  - A cyclical manner
  - All the above
113. During the time of war, the government enlarges the tax structure to generate more funds to meet the increase in the defence expenditure this is known as
- Tax tolerance
  - Inspection effect
  - Displacement effect
  - Concentration effect
114. After war, peoples tax tolerance level
- Reduces
  - Remains the same
  - Becomes zero
  - Increases
115. Concentration effect refers to the increasing activities of which of the following ?
- Central government
  - State government
  - Local government
  - All the above
116. Which of the following is the cause of growth of public expenditure?
- Rising population
  - Democratic form of government
  - Urbanisation
  - Al the above

117. Goods that are provided by both the public and private sectors are known as

- a. Public goods
- b. Merit goods
- c. Social goods
- d. Demerit goods

118. The protection by the states of individual against economic hazards is referred to as

- a. Social insurance
- b. Private insurance
- c. General insurance
- d. Special insurance

119. Which of following is not the characteristic of social insurance?

- a. Compulsory participation
- b. Government sponsorship and regulation
- c. Benefits prescribed in laws
- d. Provided and initiated by the private sector

120. Which of the following programmes protect the people's right to work?

- a. Public provident fund
- b. Atal pension yojana
- c. MNREGA
- d. Pradhan Mantri Jan Dhan Yojana

121. Which of the following programmes aims at financial inclusion?

- a. Public provided fund
- b. Atal pension yojana
- c. Mahatma Gandhi national rural employment guarantee act
- d. Pradhan Mantri Jan Dhan Yojana

122. In which of the following programmes is life insurance linked with savings bank account

- a. Pradhan Mantri Jan Dhan Yojana
- b. Atal pension Yojana
- c. Public provident fund
- d. Pradhan Mantri jeevan jyoti bima yojana

123. Which of the following programmes will provide cashless treatments to parents

- a. Atal pension yojana
- b. Ayushman bharat
- c. Public provident fund
- d. MNREGA

124. Public debt includes

- a. Currency and money deposits
- b. Inter loans and government securities
- c. External loans incurred by the government
- d. All the above

125. A dead weight debt is

- a. Self liquidating
- b. Unproductive
- c. Increases productive efficiency
- d. Not burdensome to the economy

126. Loss of welfare suffered by people of debtor country is referred to as

- a. Direct real burden
- b. Sum of money payments for principal and interest
- c. Effect on product and resource allocation
- d. Foreign currency burden

127. Burden of external debt affecting production and resource allocation is termed as

- a. Direct money burden
- b. Direct real burden
- c. Indirect money and real burden
- d. All the above

128. The ability of a government to sustain its current spending tax and other policies is termed as

- a. Economists sustainability
- b. Growth sustainability
- c. Fiscal sustainability
- d. All the above

129. The expenditure of the government on law and order is classified

as

- a. Productive expenditure
- b. Unproductive expenditure
- c. Capital expenditure
- d. None of the above

130. Government expenditure on maintainance of defence establishment is example of

- a. Development expenditure
- b. Non development expenditure
- c. Capital expenditure
- d. Productive expenditure

131. Government expenditure on administrative expenses is an example of

- a. Development expenditure
- b. Capital expenditure
- c. Non development expenditure
- d. Productive expenditure

132. Public expenditure has shown which of the following trend since 1990

- a. Increasing
- b. decreasing
- c. Constant
- d. None of the above

133. Government expenditure on interest payment is an example of

- a. Development expenditure
- b. Non development expenditure
- c. Capital expenditure
- d. Productive expenditure

134. Which of the following is not a part of developmental expenditure

- a. Expenditure on agriculture
- b. Expenditure on industries
- c. Expenditure on transport and communication
- d. Expenditure on administrative services

135. Development expenditure is incurred on

- a. Defence
- b. Subsidies
- c. Interest payment
- d. Infrastructure

136. Public expenditure is incurred to

- a. Maximize social welfare
- b. Reduce income inequality
- c. Promote employment
- d. All of the above

137. Non transfer expenditure include

- a. Old age pension
- b. Unemployment allowance
- c. Interests payments
- d. Expenditure on education

138. Expenditure on \_\_\_\_\_ is a non plan expenditure

- a. Sarva shiksha abhiyan
- b. Mid day meal
- c. All of these
- d. None of the above

139. The principles of public expenditure includes

- a. Canon of economy
- b. Canon of benefit
- c. Canon of elasticity
- d. None of these

140. \_\_\_\_\_ implies that the public expenditure should bring maximum social advantage to the entire society

- a. Canon of economy
- b. Canon of sanction
- c. Canon of productivity
- d. Canon of benefit

141. \_\_\_\_\_ implies that the public expenditure should be flexible and elastic

- a. Canon of elasticity
- b. Canon of benefit
- c. Canon of surplus
- d. Canon of sanction

142. Public expenditure is incurred to

- a. Make profits
- b. Maximize social welfare
- c. Increase surplus
- d. Incurs debt

143. Public expenditure is incurred to

- a. Maximum social welfare
- b. Reduce incomplete inequality
- c. To promote employment
- d. All of the above

144. The controlling authority of government expenditure is

- a. RBI
- b. Ministry of finance
- c. Planning commission
- d. Finance commission

145. Government expenditure on interest payment is an example of

- a. Non transfer expenditure
- b. Capital expenditure
- c. Non developmental expenditure
- d. Productive expenditure

146. Transfer payments do not include

- a. Old age pension
- b. Defence expenditure
- c. Interest payment
- d. Subsidies



147. \_\_\_\_\_ is not an unproductive expenditure

- a. Defence
- b. Administration
- c. Energy
- d. Interest payments

148. Laws of increasing state activities was put forward by

- a. Dalton
- b. Adolph Wagner
- c. Jack Wiseman
- d. Allan Peacock

149. Social security schemes include

- a. Old age pensions
- b. Sickness benefit
- c. Unemployment benefit
- d. All of the above

150. Wiseman peacock benefit hypothesis support the possibility of

- a. An upward trend in public expenditure
- b. A downward trend in public expenditure
- c. Both a. and b.
- d. None of the above

151. Debts that are rapid at some specified future date are known as

- a. Compulsory debt
- b. Redeemable debt
- c. Irredeemable debt
- d. None of the above

152. External loans can be raised from

- a. R.B.I
- b. S.B.I
- c. I.M.F
- d. W.T.O

153. Which of the following is not the part of burden of internal debt

- a. Direct real burden
- b. Direct money burden
- c. Burden on future generation

d. Effect on private investment

154. Which of the following is not the feature of external debt

- a. Payment in foreign currency terms
- b. Causes income distribution effect
- c. Use of coercion of raising funds
- d. Involves money burden

155. Which of the following is the characteristic of external debt

- a. Direct money burden
- b. No direct real burden
- c. No indirect real burden
- d. All of the above

156. Loans for which no promise is made by government regarding their exact date of repayment are called

- a. Redeemable debts
- b. Irredeemable debts
- c. Voluntary debts
- d. Productive debts

157. \_\_\_\_\_ are interest bearing loans with maturity of one year or more, raised through sale of governments securities

- a. Market borrowings
- b. Special floating loans
- c. Bonds
- d. None of the above

158. Public debt implies

- a. Obligation of government
- b. Government securities
- c. Government borrowings
- d. All of the above

159. Debt redemptions implies

- a. Repayments of government loans
- b. Government bankruptcy
- c. Repudiation
- d. All of the above

160. Public debt can have
- a. Development effect
  - b. Transfer effect
  - c. Exporting effect
  - d. All of the above
161. Public debt arises when government
- a. Borrows
  - b. Lends
  - c. Due to leading party mismanagement
  - d. None of the above
162. On the basis of the size and composition of external debt world bank has classified India as
- a. A less indebted country
  - b. A moderately indebted country
  - c. A heavily indebted country
  - d. A severely indebted country
163. \_\_\_\_\_ arises when government borrow when their expenditure is more than revenue
- a. Public revenue
  - b. Public expenses
  - c. Public debts
  - d. None of these
164. Public debt management refers to
- a. Terms of new bonds
  - b. Proportion of different components of public debt
  - c. Maturity
  - d. All the above
165. Which is the object of public debt
- a. War finance
  - b. Development finance
  - c. Cubing of inflation
  - d. Al of the above

166. Which is the object of debt redemption

- a. Refunding
- b. Sinking fund
- c. Capital levy
- d. All of these

167. Internal debt can be raised through

- a. RBI
- b. WTO
- c. IMF
- d. GRDs

168. Which of the following statements explains the classical view on taxation?

- a. All taxes are anti-inflationary
- b. All taxes are not be anti-inflationary
- c. Taxation can be used for redistribution of income
- d. Taxation can influence aggregate demand

169. The classical advocacy of balanced budget is based on which of the following beliefs?

- a. Possibility of market failures
- b. Laissez faire capitalism
- c. Redistribution of income
- d. Social justice objective of fiscal policy

170. The origin of term functional finance is attributed to

- a. J.M.Keynes
- b. A.C.Pigou
- c. A.P.Learner
- d. Richard Musgrave

171. Automatic stabilisers will be ineffective in case of which of the following situations?

- a. Recession
- b. Cost-push inflation
- c. Demand-pull inflation
- d. All the above

172. What is the appropriate budget policy during recession?

- a. Balanced budget
- b. Neutral budget
- c. Surplus budget
- d. Deficit budget

173. Which of the following is true of compensatory spending?

- a. It is necessary during recession
- b. It is necessary during inflation
- c. It is built- in stabiliser
- d. None of the above

174. Which of the following refers to the excess of revenue expenditure over revenue receipts?

- a. Revenue deficit
- b. Budgetary deficit
- c. Fiscal deficit
- d. Primary deficit

175. Which of the following deficit is amore comprehensive measure of budgetary imbalances?

- a. Revenue deficit
- b. Budgetary deficit
- c. Fiscal deficit
- d. Primary deficit

176. Primary deficit is obtained by deducting interest payment from the

- a. Fiscal deficit
- b. Revenue deficit
- c. Budgetary deficit
- d. Monetised deficit

177. Which of the following serves as a tool for fiscal management and accountability?

- a. Monetary policy
- b. Budget
- c. Foreign policy
- d. Industrial policy

178. In which of the budget the existing programmes or activities may not be automatically funded?

- a. Zero based budget
- b. Traditional budget
- c. Executive budget
- d. Programme budget

179. Which of the following is not an objective of the budget?

- a. Generation of employment
- b. Reduction of poverty
- c. Manipulating rate of interest
- d. Economic growth

180. Which of the following is concerned with division of economic responsibilities between the Central and State Governments in India?

- a. Finance commission
- b. Planning commission
- c. NITI Aayog
- d. RBI

181. The affairs of the country are conducted by the authorities of different levels of government in which of the following systems?

- a. Unitary system
- b. Dictatorship
- c. Federal system
- d. None of the above

182. The transfer of taxing and expenditure powers from the control of central government to state and local governments is known as

- a. Administrative decentralization
- b. Fiscal decentralization
- c. Political decentralization
- d. Social decentralization

183. Under the GST system, the tax levied on all inter-state suppliers of goods and services is known as

- a. CGST
- b. SGST
- c. VAT
- d. IGST

184. Finance Commission is appointed every \_\_\_\_\_ years.

- a. Five
- b. Ten
- c. Two
- d. Seven

185. The chairman of the 14<sup>th</sup> Finance Commission was \_\_\_\_\_

- a. Dr. Raghuram Rajan
- b. Dr. C. Rangarajan
- c. Dr. Y. V. Reddy
- d. Dr. Bimal Jalan

186. Fiscal policy is the policy relating to \_\_\_\_\_

- a. Taxation
- b. Government expenditure
- c. Public debt
- d. All of these

187. Instruments of fiscal policy include \_\_\_\_\_

- a. Taxation
- b. Public expenditure
- c. Public debt
- d. All of these

188. Which of the following is/are the objectives of fiscal policy?

- a. Economic growth and development
- b. Efficient allocation of resources
- c. Both (a) and (b)
- d. None of these

189. Fiscal policy in modern era, subscribes to the following major macroeconomic goals:

- a. Full employment
- b. Economic stabilization
- c. Equal distribution of income
- d. All of the above

190. Fiscal policy is also called \_\_\_\_\_

- a. Budgetary policy

- b. Monetary policy
- c. Both(a) and (b)
- d. None of these

191. During inflation, the government adopt \_\_\_\_\_ fiscal policy

- a. Expansionary
- b. Contractionary
- c. Both (a) and (b)
- d. None of these

192. During deflation, the government adopt \_\_\_\_\_

- a. Monetary policy
- b. Contractionary fiscal policy
- c. Expansionary fiscal policy
- d. None of these

193. Sound finance implies:

- a. Unbalanced budget
- b. Balanced budget
- c. Full budget
- d. None of the above

194. Principle of sound finance refers to \_\_\_\_\_

- a. Minimum government spending
- b. Maximum government spending
- c. Revenue expenditure balanced at the minimum level
- d. Balance between tax and spending

195. When expenditure exceeds total tax revenue, it is called:

- a. Surplus budget
- b. Deficit budget
- c. Balanced budget
- d. None of these

196. Budget is an instrument of:

- a. Monetary policy
- b. Fiscal policy
- c. Trade policy
- d. Exchange rate policy



197. The main objective of budgeting is:

- a. Planning
- b. Co-ordination
- c. Control
- d. All of these

198. A budget which mainly covers items of current revenue and expenditure is called:

- a. Programme budget
- b. Welfare economics
- c. Current budgeting
- d. Capital budgeting

199. A budget in which revenue is greater than expenditure

- a. Balanced budget
- b. Surplus budget
- c. Deficit budget
- d. Revenue budget

200. A budget which is prepared by the executive branch of government is:

- a. Legislative budget
- b. Executive budget
- c. Cash budget
- d. Multiple budget

201. In \_\_\_\_\_ budget every programme has to be evaluate.

- a. Legislative
- b. Cash
- c. Multiple
- d. Zero based

202. When total revenue equals total expenditure, the budget shows \_\_\_\_\_

- a. Balance
- b. Deficit
- c. Surplus
- d. None of the above

203. The term revenue deficit refers to the difference between the:

- a. The credit and debit balance of the central bank

- b. Total tax revenue and total expenditure
- c. Revenue receipts and revenue expenditure
- d. All of the above

204. Primary deficit means:

- a. Fiscal deficit - Interest
- b. Fiscal deficit + Interest
- c. Revenue deficit - interest payments
- d. Fiscal deficit + Revenue deficit

205. The full form of FRBM bill is \_\_\_\_\_

- a. Fiscal Responsibility and Bank Management Bill
- b. Financial Revenue and Budget Management Bill
- c. Fiscal Responsibility and Budget Management Bill
- d. Financial Responsibility and Budget Management Bill

206. The FRBM Act requires the placing of \_\_\_\_\_ before both houses of Parliament.

- a. Fiscal policy strategy statement
- b. Macroeconomics Framework
- c. Medium - term fiscal policy statement

d. All the above

207. Fiscal federalism refers to :

- a. Organising and implementing economic plans
- b. sharing or political power between centre and states
- c. Division of economic function and resources among different layers government

d. None of these

208. Chairman of the 13<sup>th</sup> finance commission is \_\_\_\_\_

- a. Pranab Mukherji
- b. K.C. Pant
- c. Vijay Kelkar
- d. None of these

209. Federal finance deals with

- a. State finances
- b. Local bodies
- c. centre - state financial relations
- d. None of these

210. Overtime , is there has been a gradual change from a dual federalism to a \_\_\_\_\_ federalism.

- a. Single
- b. Unitary
- c. Co-operative
- d. None of these

211. Chairman of the 14<sup>th</sup> finance commission is \_\_\_\_\_

- a. Dr. Vijay Kelkar
- b. Dr. Y.V.Reddy
- c. C. Rangaranjan
- d. K.C.Neogy

212. The first finance commission was appointed in the year

- a. 1945
- b.1947
- c. 1951
- d.2014

213. Following are the key issues in fiscal federalism

- a. Vertical imbalance
- b. Horizontal imbalance
- c. Revenue assignment

d. All of these

214. Taxes levied by the states are \_\_\_\_\_

- a. Stamp duty
- b. taxes on luxuries
- c. taxes on vehicles
- d. All of these

215. Taxes levied by the centre are \_\_\_\_\_

- a. Custom duties
- b. Stamp duties
- c. Land Revenue
- d. None of these

216. External debts are raised from \_\_\_\_\_

- a. WTO
- b. IMF
- c. WHO
- d. IDBI