

Note:

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. Financial Administration | ii. Economic Efficiency |
| iii. Proportional Tax Rate | iv. Indirect Tax |
| v. Canon of Sanction | vi. Redeemable Debt |
| vii Unbalanced Budget | viii Revenue Deficit |

b. Choose the right answer from the given options and rewrite the statements. 10

- i _____ 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
- ii _____ budget should be followed during depression.
- | | |
|-------------|------------|
| a. Balanced | b. Deficit |
| c. Surplus | d. Neutral |
- iii Direct taxes are _____.
- | | |
|-----------------------|-----------------|
| a. elastic | b. unproductive |
| c. contributed by all | d. all of these |
- iv _____ is not the characteristics of a tax.
- | | |
|------------------------------|----------------------------|
| a. Compulsory payment | b. Involves some sacrifice |
| c. There is quid – pro - quo | d. None of these |
- v 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 |
- vi _____ is the canon of public expenditure which is very difficult to implement in developing countries.
- | | |
|--------------------------|----------------------|
| a. Canon of elasticity | b. Canon of sanction |
| c. Canon of productivity | d. Canon of surplus |

- vii _____ programme protects the people's right to work.
 a. Public Provident Fund
 b. Atal Pension Yojana
 c. Mahatma Gandhi National Rural Employment Guarantee Act
 d. Pradhan Mantri Jan Dhan Yojana
- viii The ability of the government to sustain its current spending, tax and other policies is termed as _____.
 a. Economic sustainability b. Fiscal sustainability
 c. Growth sustainability d. All of these
- ix In _____ the existing programmes or activities may not be automatically funded.
 a. Zero Based Budget b. Traditional Budget
 c. Executive Budget d. Programme Budget
- x The 14th Finance Commission was set up under the chairmanship of _____.
 a. Dr. Raghuram Rajan b. Dr. C. Rangarajan
 c. Dr. Y. V. Reddy d. Dr. Bimal Jalan
- Q.2. Answer any TWO of the following 20
 a. Explain the meaning and functions of Public Finance.
 b. Describe Dalton's Principle of Maximum Social Advantage with assumptions and diagrams.
 c. Explain the term market failure. What are the causes of market failure?
- Q.3. Answer any TWO of the following 20
 a. Describe the various sources of Public Revenue.
 b. Explain the meaning of impact, shifting & incidence of taxation and explain how elasticities of demand affect the incidence of taxation.
 c. Discuss the economic effects of taxation.
- Q.4. Answer any TWO of the following 20
 a. Explain the classification of public expenditure.
 b. Discuss the causes for increasing public expenditure.
 c. Explain the burden of public debt.
- Q.5. Answer any TWO of the following 20
 a. Explain the meaning, constituents and limitations of Fiscal Policy.
 b. Describe the principles of Functional Finance.
 c. Discuss the limitations of FRBM Act, 2003.