

SEMESTER III MCQs

PUBLIC FINANCE -ECONOMICS PAPER-IV

1. C.F. Bastable defines, “Public finance deals with the expenditure and income of public authorities of the state and their mutual relation as also with the _____,”
 - A. financial assignment and control
 - B. financial acceptability and control
 - C. financial administration and control**
 - D. financial administration and comptroller of country

2. Private goods are _____
 - A. Exotic
 - B. Excludable**
 - C. Acceptable
 - D. Exceptional

3. _____ occur when one person’s actions affect another person’s well-being
 - A. Internality
 - B. Exceptionality
 - C. Acceptability
 - D. Externalities**

4. _____ is concerned with how resources are distributed throughout society
 - A. Quality
 - B. Activity
 - C. Quantity
 - D. Equity**

5. Public finance is an economic sector that allocates _____ - to various public entities based on the set budget and timelines
 - A. Grains
 - B. Equipment
 - C. Funds**
 - D. Portfolio

6. In _____ - countries, the main problem is of Economic Growth
- A. Developed
 - B. About to develop
 - C. Rich
 - D. Developing**
7. Under the modern concept of public finance, taxation is considered as an important source for increasing social justice and _____ - in income
- A. reducing the qualities
 - B. reducing the quantities
 - C. reducing the inequalities**
 - D. increasing the inequalities
8. The government usually has a _____ budget
- A. Balanced
 - B. Reasonable**
 - C. Surplus
 - D. **deficit**
9. Time horizon of public finance is _____ year
- A. one academic
 - B. financial quarter
 - C. one financial**
 - D. half
10. Public finance Transactions are _____
- A. known to ministers only
 - B. known to politicians
 - C. not known to all
 - D. open and known to all**
11. _____ is a product or service produced by a privately owned business and purchased to increase the utility, or satisfaction, of the buyer
- A. Public good
 - B. Necessary goods**
 - C. Luxury goods**
 - D. Private good**

12. The concept of fiscal policy received a new vista with the inception of _____ economics in modern times

- A. Marshallian
- B. Smith
- C. Pigo-vian
- D. **Keynesian**

13. _____ is the economic situation defined by an inefficient distribution of goods and services in the free market

- A. Goods supply failure
- B. Goods demand failure
- C. **Market failure**
- D. Monsoon failure

14. $GPD = \text{Gross Fiscal Deficit} - \underline{\hspace{10em}}$

- A. Debt Payments
- B. **Interest Payments**
- C. Interest Receipt
- D. Debt Receipt

15. $FD = (TE + NL) - (RR + \underline{\hspace{10em}} + EG)$

- A. NEGR
- B. RDCN
- C. **NDCR**
- D. NCDR

16. Loans for a period of less than _____ are known as short-term deb

- A. **one years**
- B. two years
- C. three years
- D. four years

17. Activities and functions of the state and local government expanded in _____ economy.

- A. underdeveloped state
- B. developed state
- C. welfare state**
- D. developing state

18. The productive debts are _____ in nature.

- A. safe-liquidating
- B. self-liquidating**
- C. sell-liquidating
- D. selective-liquidating

19. External debt creates direct _____ burden.

- A. money**
- B. fiscal
- C. political
- D. social

20. Lack of infrastructure development discourages private investment, which affects _____.

- A. economic growth**
- B. economic balance
- C. economic trend
- D. economic plan

21. Over the years the Central Government's outstanding debt has increased by _____ between 1990-91 and 2009-10.

- A. 14.4 times
- B. 13.4 times**
- C. 12.4 times
- D. 11.4 times

22. NSA is a difference between _____

- A. MSV & MSB
- B. MSS & MSB**
- C. MSS & MSD
- D. MSB & MSD

23. All taxes are subject to increasing _____

- A. Disutility**
- B. Utility
- C. Income
- D. Expenses

24. According to _____ the best system of public finance is that which secures the maximum social advantage from the operations.

- A. Hugh Dalton**
- B. Hugh Milton
- C. Marshall
- D. Keynes

25. _____ terms 'Maximum Social Advantage' as the 'Maximum Welfare Principle of Budget Determination'.

- A. Richard Milton
- B. Richard Musgrave**
- C. Richard Friedman
- D. Richard Boon

26. The government plays an important role to improve _____.

- A. defence efficiency
- B. political efficiency
- C. economic inefficiency
- D. economic efficiency**

27. The government make the provision of _____ are those that cannot provided through the market.
- A. private and public goods
 - B. public and merit goods**
 - C. public and necessary goods
 - D. Giffen and merit goods
28. _____ lead to "market failure".
- A. Expansionability
 - B. Marketabilities
 - C. Internalities
 - D. Externalities**
29. In an unbalanced budget, the revenues and expenditures are _____.
- A. not equal**
 - B. equal
 - C. overlapped
 - D. underdeveloped
30. According to Constitution of India, there is a _____ system of government.
- A. six-tier
 - B. four-tier
 - C. three-tier**
 - D. two-tier
31. A _____ is paid by a person on whom it is legally imposed.
- A. excise duty
 - B. indirect tax

C. direct tax

D. transport tax

32. Indirect taxes are imposed on goods and services but burden shifted to

_____.

A. the final consumer

B. the final seller

C. the final producer

D. the final organization

33. Incidence _____ be shifted.

A. partially

B. compulsorily

C. can

D. cannot

34. Producers force his workers to accept lower wages, is a _____

A. forward shifting

B. backward shifting

C. no shifting

D. combination shifting

35. Tax system is required to be good in order to achieve several

_____.

A. socio-economic objectives

B. socio-political objectives

C. socio-economic development

D. socio-political development

36. _____ consist interest, dividend, fees and other receipts for services of the government.

- A. Non-tax expenses
- B. Tax expenses
- C. Non-tax revenue**
- D. Tax revenue

37. When revenues are greater than expenditures, then there is _____ budget.

- A. surplus**
- B. deficit
- C. neutral
- D. extra

38. In the case of _____ externalities like research, firms produce too little.

- A. Innovative
- B. Neutral
- C. Negative
- D. Positive**

39. FRBM act refers to - _____

- A. Fractional Responsibility and Budget Management act
- B. Fiscal Responsibility and Budget Management act**
- C. Fiscal irresponsibility and Budget Management act
- D. Fiscal Responsibility and Budget Marginal act

40. FRBM was enacted, to get the _____ effectively

- A. fiscal balance**
- B. fiscal imbalance
- C. frictional balance
- D. frictional imbalance

41. The _____ finance commission recommended for increasing share of states in central taxes to 42%, the single largest increase ever recommended

- A. 11th
- B. 12th
- C. 14th**
- D. 15th

42. _____ tries, to ensure greater transparency in the fiscal operations of the central government

- A. FBRM
- B. FMBR
- C. MFBR
- D. FRBM**

43. The FRBM Act became effective from _____

- A. 2003
- B. 2002
- C. 2004**
- D. 2006

44. The revenue deficit was, however, supposed to be reduced to _____ by the year 2008-09

- A. Two
- B. One
- C. Five
- D. Zero**

45. Adherence to the FRBM targets is critical to ensure budgetary sustainability and _____ stability

A. Macro-economic

B. Political

C. Social

D. Regional

46. FRBM tries, to ensure greater _____ in the fiscal operations of the central government

A. Translucent

B. Opaque

C. Transparency

D. Colour

47. The FRBM Act required the _____ of Revenue Deficit by 2008-09

A. Selection

B. Elimination

C. Election

D. Section

48. The 14th finance commission's chairman was former Reserve Bank of India governor _____

A. Bimal Jalan

B. Raghuram Rajan

C. Y. V. Reddy

D. Subbarao

49. The recommendations of the 14th commission entered force in _____

A. Year 2010

B. Year 2008

C. Year 2015

D. Year 2019

50. The FRBM Act is thus an important step in the direction of _____
fiscal deficit over a period of time

- A. Increasing
- B. Raising
- C. Reducing**
- D. Equalizing