

[Time: 2 ½ Hours]

[Marks:75]

- N.B: Please check whether you have got the right question paper.
1. All questions are compulsory.
  2. Figures to the right indicate full marks.
  3. Draw neat and clear figures wherever applicable.

- Q.1 Attempt **any two** of the following. 15
- a. Explain the meaning and scope of public finance.
  - b. Describe Dalton's version of Principle of Maximum Social Advantage.
  - c. What is functional finance? Discuss the features of functional finance.
- Q.2 Attempt **any two** of the following. 15
- a. Discuss the various sources of revenue of the government.
  - b. Examine the merits and demerits of indirect taxes.
  - c. Explain the factors affecting the shifting of a tax.
- Q.3 Attempt **any two** of the following. 15
- a. Discuss the various causes of increase in public expenditure.
  - b. Describe the various types of public debt.
  - c. Explain the meaning and key issues in fiscal federalism.
- Q.4 Attempt **any two** of the following. 15
- a. Explain the components of unorganized sector of Indian money market.
  - b. Discuss the money market reforms introduced in India since 1991.
  - c. What is capital market? Explain the structure of Indian capital market.
- Q.5 A. State with reasons whether the following statements are true or false. (**any four**) 08
1. The basic principle of both public and private finance is the same.
  2. Anti-inflationary taxation reduces savings.
  3. Incidence of tax refers to the final money burden of a tax.
  4. Direct taxes will not affect the willingness and ability to work, save and invest.
  5. Capital levy is advocated to repay the debt raised during a war.
  6. Revenue expenditures improve the productive capacity of the economy.
  7. In India, the bill market is not yet fully developed.
  8. Credit Rating Agencies are passive participants in the capital market.
- B. Choose the correct answer and rewrite the statement. (**any seven**) 07
1. The function of public finance which came into prominence since the late 1930s is ---  
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  - a) Distribution function
  - b) Consumption function
  - c) Stabilization function
  - d) None of these

2. The test of maximum social advantage is -----
  - a) Economic stability
  - b) Improvement in production
  - c) Improvement in distribution
  - d) All of these
  
3. ----- does not form the basis of sound finance.
  - a) Say's law
  - b) Assumption of full employment
  - c) Ricardian Equivalence Theorem
  - d) Lerner's Fundamental Rules
  
4. The demerit of direct taxes is -----
  - a) Certain
  - b) Elastic
  - c) Arbitrary
  - d) Equitable
  
5. ----- will involve a quid-pro-quo.
  - a) Income tax
  - b) Corporation tax
  - c) Prices of goods
  - d) Wealth tax
  
6. In case of backward shifting, the burden of tax is shifted from -----.
  - a) Producers to suppliers of factors of production
  - b) Producers to consumers
  - c) Consumers to producers
  - d) All of these
  
7. ----- is not a part of the plan expenditure.
  - a) Agriculture
  - b) Defence
  - c) Social services
  - d) Industry
  
8. Primary deficit is obtained by deducting interest payments from the -----.
  - a) Fiscal deficit
  - b) Revenue deficit
  - c) Monetised deficit
  - d) Budgetary deficit

9. As per FRBM Act, 2003 the central government should reduce revenue deficit to zero by -----.
- a) 2003-04
  - b) 2007-08
  - c) 2008-09
  - d) 2010-11
10. Certificates of Deposits are issued by -----
- a) Regional Rural Banks
  - b) Local Area Banks
  - c) Scheduled Commercial Banks
  - d) All of these
11. ----- is not the role of capital market.
- a) Mobilisation of savings
  - b) Channelisation of funds for investment
  - c) Industrial development
  - d) Development of commercial banking
12. Secondary market reforms of Indian capital market do not include -----.
- a) Screen based trading
  - b) Liquidity Adjustment Facility
  - c) Depository system
  - d) Rolling settlement

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